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Advertising Age

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Leslie Nielsen is featured in a parody of a parody for Coors Light.

Coors in a (rabbit) stew over parody

By Ira Teinowitz

Eveready Battery Co. is hopping mad at Coors.

Coors Brewing Co. plans to run a new commercial for Coors Light that's a parody of Eveready's Energizer spots showing a pink bunny interrupting a commercial for a make-believe product.

The Coors spot was originally set to break April 28, but when Eveready found out about the commercial the schedule was changed.

"We take strongest exception to their ad," said Patrick Farrell, manager-corporate information for Eveready parent Ralston Purina Co. "We have contacted Coors and asked for a copy of the ad."

At press time, Eveready and Coors were in discussions about the commercial. Coors postponed the spot's airing temporarily but hoped to have it on the air this week.

The Coors Light commercial at first appears to be a typical beer spot with a deep, resonant voice-over. But then, close-ups

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K-III joins ranks of top publishers

Murdoch buy leaves it hungry for more

By Scott Donaton

K-III Holdings' planned acquisition of most of Rupert Murdoch's U.S. publications is only the beginning.

K-III, a partnership between investment banker Kohlberg Kravis Roberts & Co. and a group of publishing executives led by William F. Reilly, reached an agreement last week to acquire nine publications from debt-laden News Corp. for $650 million.

Mr. Reilly, chairman-ceo of the investment partnership, said K-III plans to use the nine News Corp. titles as "the mother ship" on which to build a massive consumer publishing company.

"The Murdoch magazines are a fabulous platform," he said. "We would expect in the coming months and years to be buying individual titles and adding them to the group.

"We've reached an agreement in principle, but the contract is not signed yet," Mr. Reilly said. The deal is expected to be finalized by June, he added.

Mr. Reilly denied industry speculation that K-III was buying the group with the intent of spinning off individual properties at a profit.

"We would expect . . . to be buying individual titles and adding them to the group."

"There are no plans to sell anything," he said. "We want to buy more."

Negotiations are in the due diligence phase, during which K-III will verify financial and other information about the publications supplied by News Corp. during the sale talks.

The sale will, in one step, establish K-III among the nation's largest consumer magazine publishers. The nine titles it's acquiring have combined annual revenues of about $300 million, Mr. Reilly said.

Revenues from K-III's other operating units are about $500 million, giving the company combined revenues of some $800 million.

The sale also lightens Mr. Murdoch's estimated $8.2 billion debt load, acquired during a 1980s spending spree that included the $3 billion acquisition of Triangle Publications, including *TV Guide*, in 1988. Mr. Murdoch has since acknowledged that he paid too much for the weekly, which isn't included in the K-III deal.

K-III is acquiring eight consumer magazines and the *Daily Racing Form*, a highly profitable newspaper covering thoroughbred racing and which Mr. Murdoch placed on the selling block apart from his magazine group.

Surprisingly, *Mirabella*, which

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FDA getting tougher

Seizure of Citrus Hill is signal to marketers

By Steven W. Colford

WASHINGTON—The Food & Drug Administration last week sent a message to marketers: Business won't be the same.

When newly installed FDA Commissioner David Kessler ordered some 2,400 cases of Procter & Gamble Co.'s Citrus Hill Fresh Choice orange juice seized, it was a regulatory milestone.

D. Kessler

Although the FDA has conducted product seizures before, it was the first time the agency has ever taken such severe action against a prominent marketer over a labeling dispute.

The April 24 seizure in Minneapolis was implemented for the widest effect after last-minute talks between federal officials and P&G representatives broke up at 10:30 p.m. April 23 with no mutual agreement.

"The use of the term 'fresh' on this product is false and misleading, and it is confusing to consumers," Dr. Kessler said at the time of the seizure. This sends "a clear message that the FDA will not tolerate such violations of the law," he said.

"The fact that Kessler went after P&G and not a little guy shows that Kessler knows what he's doing with regard to getting publicity," said John Kamp, VP of the American Association of Advertising Agencies. He added: "I also hear that Kessler is walking the halls looking for other cases to pursue. This may have been the first shot over the bow, but

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P&G gives in, axes its 'Fresh' label

By Jennifer Lawrence

Citrus Hill products were ordered seized in Hopkins, Minn.

Procter & Gamble Co. will change the label on its Citrus Hill Fresh Choice orange juice following a long, losing battle with the Food & Drug Administration.

P&G agreed to remove all references to "fresh" from its packaging, just two days after the FDA took steps to halt distribution of the orange juice, to be renamed simply Citrus Hill.

Several high-level P&G executives were in final negotiations Friday with FDA Commissioner David Kessler and other FDA officials to reach a settlement. Details were being worked out late in the day.

Federal inspectors on April 24 had seized 2,400 cases of Citrus Hill Fresh Choice from a Minnesota warehouse after P&G's earlier refusal to make labeling changes.

The complaint filed April 24 in U.S. District Court in Minneapolis by federal prosecutors on behalf of the FDA said Citrus Hill Fresh Choice is misbranded because "the labeling is false and

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LAST MINUTE NEWS

Weight Watchers reviews $30M account

PITTSBURGH—H.J. Heinz Co. is reviewing its $30 million Weight Watchers International weight loss system account as part of a worldwide company initiative to maximize marketing dollars. Not affected is the $27 million account of Weight Watchers foods, marketed by Heinz's Foodways National unit. Both accounts are handled by DDB Needham Worldwide, New York; the agency will participate in the review. Heinz said about 10 other, unidentified agencies would be asked to pitch. Sources said three of the shops are Heinz agencies Leo Burnett USA, Chicago; Ketchum Advertising, Pittsburgh; and Ally & Gargano, New York. Others pitching were identified by sources as Ammirati & Puris;

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Top honors: Ad Age hands out The Best Awards for 1990 advertising. **Pages 3, 16**

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NEWS SUMMARY

■ **K-III Holdings** said its acquisition of the Murdoch magazine unit is the start of a major publishing enterprise. **1**

■ **Coors Light's commercial** featuring actor Leslie Nielsen parodying an Energizer bunny spot drew objections from Eveready Battery Co. **1**

■ **Food & Drug Administration's** action against Citrus Hill Fresh Choice orange juice for alleged mislabeling is seen as a warning that federal regulators are getting tough. **1**

■ **Chrysler** appears ready to slim down and restructure to survive in an increasingly competitive environment. **3**

■ **A spot TV sales group** called for steps to rebuff ad agencies' move to "sequential liability" ad contracts. **3**

■ **Amil Gargano,** co-founder of Ally & Gargano, has established Amil Gargano & Partners. **3**

■ **Best awards** in 21 advertising categories were presented by *Advertising Age* at ceremonies emceed by film critics Gene Siskel and Roger Ebert. **3**

■ **Miller Brewing** is expected to start testing Lite Ultra beer with 77 calories per 12-ounce can next month. **4**

■ **Giorgio Beverly Hills** is introducing Red for Men fragrance with an estimated $3 million marketing effort. **4**

■ **Nabisco** this week introduces Mr. Phipps pretzel chips, the company's first hybrid snack. **4**

■ **Interpublic Group of Cos.** reported its first quarterly earnings decline since 1985. **6**

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States shop for new agencies

An Advertising Age roundup

Many ad agencies are planning to stay close to home this summer to pitch their state's tourism, economic development and lottery accounts.

Tight economic conditions, forcing agencies to hunt harder for new business, have resulted in heavier than usual responses to the state reviews. Some reviews have drawn interest from agencies that in the past may have shunned $3 million or $4 million accounts.

Politics also factor into the competition. The arrival of new administrations in states including Connecticut, Illinois, Massachusetts and Ohio has encouraged agencies to expect reviews for state business will be more wide open than in the past several years.

Some states have cut back spending for tourism, economic development or lottery advertising, but agency interest has never been higher.

"In this economy, it'll be a shootout, no question, but accounts of this size, limited to in-state agencies, aren't too plentiful, so you have to go for it," said Bruce I. Carlson, chairman-ceo of Grant/Jacoby, Chicago, which is gearing up to pursue the $21 million Illinois State Lottery account.

"It's a high-visibility account, and something where the cause is good, too. The money goes to schools. That's worth something, too."

Tourism accounts especially can give an agency not only a higher in-state profile but also exposure to out-of-state marketers.

North Dakota this summer will review its $2 million tourism account, the largest single piece of advertising business in the state. Incumbent G.L. Ness Agency, Fargo, is such a favorite that interest in the review is down.

"There are only six real full-service agencies in the state," said Director of Tourism Jim Fuglie, "but Ness has won several awards for its work, so I think some of them won't even try [for the account] this year."

State accounts slated for review in 1991 and 1992

State	Account	Budget	Agency	Review date	Contract length
Alabama	Tourism	$2.0	Barney & Patrick	Now open	1 year
California	Anti-smoking	$15.0*	Livingston & Keye	Late June	1 year
	Tourism	$5.0*	Livingston & Keye	Summer 1991	1 year
Colorado	Lottery	$7.6	Karsh & Hagan	Feb. 1992	1 year
Connecticut	Tourism/econ. devel.	$0.60	LSGE Marketing/Communications	July 1991	1 year
Delaware	Lottery	$0.75	Reese, Tomases & Ellick	Aug. 1992	2 years
Dist. of Columbia	Lottery	$3.6	Nagy Films (broadcast creative)	Early 1991**	1 year
Florida	Lottery	$34.0	Bozell	June 1991	2 years
	Tourism	$5-$6	McFarland & Drier	June 1991	2 years
Idaho	Lottery	$1.5	Elgin Syferd Drake	1992**	2 years
Illinois	Lottery	$21.0	Bozell	Summer 1991	2 years
	Tourism	$11.0	McConnaughy Stein Schmidt Brown	Summer 1991	2 years
Indiana	Lottery	$4.0	Montgomery Zuckerman Davis	Now open	2 years
Kansas	Tourism	$1.0	Lane Marketing Group	Now open	2 years
Maryland	Lottery	$8.0	Trahan, Burden & Charles	By July 1992	1 year
Massachusetts	Tourism	$4.5	Hill, Holliday, Connors, Cosmopulos	June 1991	3 years
Michigan	Tourism	$5.0	Ross Roy Advertising	Oct. 1991	3-4 yrs.
Minnesota	Tourism	$2.0	Carmichael Lynch	Early 1990**	3 years
Missouri	Economic devel.	$1.0	Valentine-Radford	June 1991	2 years
Montana	Tourism	$2.5	Wendt Advertising	Early 1991**	2 years
Nebraska	Tourism	$0.175	Baily Lauerman & Associates	May 1991	4 years
Nevada	Tourism	$1.6	R&R Advertising/Joyce Advertising	April 1991**	2 years
New Jersey	Lottery	$4.2	Venet Advertising	Spring 1991	2-3 yrs.
New Mexico	Tourism	$1.5	Competitive Edge	June 1991	1 year
New York	Lottery	$17.0*	DDB Needham Worldwide	By Sept. 1991	2 years
	Tourism	$6.0	Wells, Rich, Greene	May 1991	3 years
North Carolina	Tourism	$2.5	McKinney & Silver	May 1991	1 year
Ohio	Tourism	$4.0	Hameroff Milenthal Spence	Now open	2 years
Oregon	Tourism	$1.5	Wieden & Kennedy	Sept. 1991	2 years
Pennsylvania	Tourism/econ. devel.	$6.0*	Elkman Advertising	May 1991	2 years
Rhode Island	Economic devel.	$1.0*	Duffy & Shanley	June 1991	1 year
South Carolina	Tourism	$2.8	Leslie Advertising	May 1991	2 years
Utah	Tourism (warm-weather)	$0.56	Evans/Salt Lake City	1992	3 years
Virginia	Lottery	$18.0	Earle Palmer Brown & Spiro	1992	1 year
	Tourism	$3.4	Martin Agency	July 1992	1 year
Washington	Tourism	$0.9	Sharp Hartwig	Sept. 1992	2 years
West Virginia	Lottery	$2.8	Fahlgren Martin	Spring 1991**	1 year
Wisconsin	Lottery	$4.0	McDonald Davis & Associates	Now open	2 years
	Tourism	$7.0	Frankenberry, Laughlin & Constable	June 1992	2 years
Wyoming	Tourism	$1.7	Broyles, Allebaugh & Davis Lane & Associates	Fall 1991	1 year

Budget figures are in millions. *Projected. **Completed. Source: *Advertising Age*

In larger states, tourism and lottery accounts can represent substantial billings, and therefore draw interest from top national agencies.

The New York Department of Economic Development this year cut its combined tourism/economic development ad budget 14.3% to $6 million but hasn't had any trouble attracting big-name shops. Wells, Rich, Greene, New York, has held the account since 1977 and could keep it, but other finalists for the business, which will be decided in May, are Ally & Gargano; Della Femina, McNamee; Grey Advertising; Lintas:New York; and McCann-Erickson Worldwide, all New York.

On the other coast, the California Department of Health Services this year will open a competition to handle its anti-smoking campaign. Gov. Pete Wilson's proposed budget allocates $15 million for the account, down from the $28.6 million spent on it over an 18-month period ending June 30, 1991.

The department won't issue a request for proposals until the Legislature passes a budget—probably not until July—but many agencies are expected to pursue the business when that happens.

The work of incumbent Livingston & Keye, Venice, was praised by Jacquolyn Duerr, chief of the department's media campaign unit.

But "there's an absolute commitment to make this a clean, unbiased, competitive process," she said. "Livingston & Keye will not have any different standing than any other agency."

Bozell, Chicago, has handled the Illinois State Lottery since it began in 1974 but is seen as vulnerable this year following the arrival of a new governor and lottery director. Competition for the $21 million account is expected to be heavy when the review is formally opened, perhaps next month.

Illinois' Department of Commerce & Community Affairs has begun a review of the state's $11 million tourism account, now at McConnaughy Stein Schmidt Brown. The state has advised agencies that they will need minimum billings of $30 million to join the review.

In most regions, in-state agencies have an edge—sometimes unstated—in state account competitions.

"Legally, we're not allowed to give preference to an in-state agency—you have to put it out for bid—but in actuality, if you're not an in-state agency you have two strikes against you," said Abe Baum, director of advertising for Arizona, which likely won't review its $5 million account, now at Taylor Advertising, Phoenix, until 1993. □

Written by Scott Hume with contributions from Alan Salomon, Nan O'Neal, Laura Loro, Alan Radding, Brad Johnson and Christy Fisher.

■ **Carmichael Lynch**, Minneapolis, last month closed its Tampa, Fla., office and consolidated operations at its Orlando office. No employees from the Tampa office joined the 11-employee Orlando office, which bills an estimated $9 million. The closing of the Tampa office occurred two years after the agency bought Solt/Di Maggio/Fuddy & Hill, which employed seven and billed $4 million.

■ **Federal Cartridge Co.**, Anoka, Minn., is reviewing its $2 million account now at Carmichael Lynch, Minneapolis.

■ **Budget Rent A Car Corp.**, Chicago, to **Ketchum Directory Advertising** from Communications Planning Corp. for its $8 million Yellow Pages account. Ketchum also won Northbrook, Ill.-based **Allstate Insurance Cos.'** approximately $7 million directory account for the western U.S., previously at Woodward Direct, Skokie, which remains agency for the eastern U.S. account.

■ **MobileComm**, Ridgeland, Miss., to **Bozell**, Irving, Texas, and **G. Williams & Associates**, Jackson, Miss., first agencies for the paging and voice messaging company's estimated $4 million account.

■ **Continental Baking Co.**, St. Louis, to **McElligott Wright Morrison White**, Minneapolis, first agency for a new-product assignment.

Kroger cut may shift $22M

By Julie Liesse

Kroger Co.'s decision to eliminate its corporate advertising function is part of continuing decentralization at the nation's largest supermarket company.

Although Kroger's move jeopardizes the $22 million in Kroger Food Stores billings handled by Campbell-Mithun-Esty, Chicago (AA, April 22), CME says it intends to try and keep all the business.

Kroger earlier this month notified CME it won't renew its corporate advertising contract, which expires at the end of July, said Paul Bernish, director-public relations.

Instead, continuing a long process of decentralization, Kroger will allow ad managers in its 11 marketing areas to handle their own advertising, including selecting an agency.

"What we are doing is not because of any problems with Campbell-Mithun-Esty," Mr. Bernish said. "This is just a reflection of continuing decentralization at Kroger.

"Our marketing areas have had increasing autonomy, increasing responsibility for merchandising. Now they also can choose their own advertising agency, including writing separate contracts with CME if they wish. But there are no corporate dictates," he said.

Kroger's regional divisions already had control of all print ads, accounting for 80% of total Kroger Food Stores ad spending.

"It didn't make sense to have the remaining 20% done differently," Mr. Bernish said. "In some ways, this is a fait accompli. Some of our divisions already have used local agencies anyway. And they all buy their own ad time."

Kroger Food Stores spent $49.5 million in measured media last year, about half of that in newspapers, according to LNA/Arbitron Multi-Media Service, which doesn't monitor all newspaper advertising. The $22 million spent on spot TV, in addition to some creative work on print ads, was handled by CME.

The 11 Kroger divisions, representing about 1,000 supermarkets overall, are headquartered in Atlanta; Cincinnati; Columbus, Ohio; Dallas; Detroit; Houston; Indianapolis; Little Rock, Ark.; Memphis and Nashville, Tenn.; and Roanoke, Va. The Little Rock division doesn't use CME and has been handling its own advertising for about six months.

Mr. Bernish said it's too early to tell how the other 10 divisions would decide to handle advertising.

The agency will try "to work out details on a division-by-division basis. We are looking forward to sitting down with each ad manager" for each marketing area, said Marvin Goldsmith, president-ceo of CME's Chicago office.

Kroger has been a CME client for 35 years.

"We have always been structured to serve Kroger and its individual marketing areas; they have operated as independent areas for a long time," Mr. Goldsmith said. "Now, we'll be more focused on opportunities in each market area."

CME's Chicago office had billings of $179 million last year. □

'Recession-proof' industry feels pinch

Even couponing boom seen as step back to field industry wants to outgrow

By Scott Hume

In a recession, marketers begin thinking short-term sales—even at the expense of profit margins or brand image—and they increase efforts to improve relations with the trade.

That translates into bad news for media advertising, good news for the promotional marketing business.

That, at least, had been the conventional wisdom since the promotion business surged during the recession of the late 1970s and early 1980s.

But the realities of the current recessionary climate have forced some rethinking of that axiom.

According to *Advertising Age's* survey of sales promotion agencies, gross income rose 14.1% in 1990, compared with the previous year. That's down from 17.4% growth in 1989.

Also, 63.9% of survey respondents say they expect 1991 client spending to increase in the 1%-to-10% range, hardly a banner year for a business that thrives in recessionary periods.

There is disagreement over how seriously hurt by the recession promotion agencies have been—disagreement determined in part by how closely shops have been aligned with such hobbled industries as automobiles and retailing.

But most promotion executives agree the recession has at least changed the nature of their business during the past year.

"Many in the industry previously thought that promotional marketing was recession-proof, and that if we did slide into a recession, we'd see cuts in staffing at major corporations and more work for promotion agencies," says William Urseth, who recently sold his interest in promotion agency U.S. Communications, Minneapolis, and is now chairman of U.S. Directives, a crisis-management consultancy.

Those kinds of staff cuts haven't materialized, he says. "Now I'm inclined to modify that to think the business is *largely* recession-proof," Mr. Urseth says.

'Fill the top': The wild rush for more clients. **P. 37**

Business may be good, even better, in some categories, but the business also has gotten more difficult.

"Clients are more budget-conscious than before—across the board. Advertising and promotion. And they're more careful in execution of marketing programs," Mr. Urseth says.

Alan Maites, president of William A. Robinson Inc., Chicago, has seen a similar scenario.

"We haven't seen significant cuts in staffing or spending by our clients, but companies certainly are giving much more scrutiny to their spending," he says.

Quantitative measurement of the level of promotional marketing is difficult to locate, but by at least one measure, one segment of sales promotion has seen robust growth during the past year.

According to the Summary Scan! division of the Advertising Checking Bureau, package-goods marketers issued 306.8 billion cents-off coupons in 1990, a whopping 16.7% increase over 1989, a year when the number of coupons issued rose only 4%.

The recession is "definitely a major cause of that increase last year," says Summary Scan! Director Bill Green. "In a slow economy, manufacturers tend to issue more coupons and more incentives to keep consumers buying and keep them from trading down to store brands. And that appears to be what happened in 1990."

But while an increase in couponing may have meant increased business for some, others say it hasn't necessarily been good for the business as a whole. It may represent a regression to the sort of promotional marketing the industry had been seeking to outgrow.

"We haven't seen innovation in package-goods marketing. We've seen a retreat to dumping more coupons and freestanding inserts," says Greg Hawn, president of Greg Hawn & Associates, Chicago.

"In the quick-service restaurant industry you've got McDonald's following Taco Bell's lead and putting price points on banners on the front of their stores. Something you thought you'd never see.

"I'd hoped to see more value-added promotions, but it takes more planning to do solid value-added programs, and long-term planning has suffered."

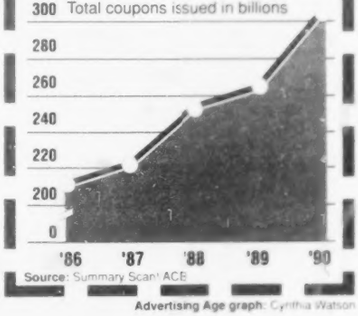
Mr. Hawn says the "belief in promotional marketing as recession-proof hasn't come to pass. Things have been tough everywhere."

The Persian Gulf War introduced an unexpected "double whammy," he says. "This recession has probably affected the promotion industry more than anticipated and more than the 1982 recession because of the additional uncertainty over the war situation.

"That brought an across-

(Continued on Page 38)

Business copes with coupons



Source: Summary Scan! ACB

Advertising Age graph: Cynthia Watson

Sales promotion income climbs to $637.7 million

But the 14.1% gain in growth shows slippage

By Kenneth Wylie

The sales promotion industry may have fared better than many sectors of advertising and marketing in last year's sluggish economy. But it also took a hit.

Gross income among the sales promotion companies responding to *Advertising Age's* fourth annual industry survey rose 14.1% to $637.7 million, compared with 6.4% growth among the Top 500 advertising agencies (AA, March 25).

Despite the 14.1% increase, growth in sales promotion gross income fell from 17.4% in 1989. Of the 103 agencies ranked, 25% saw declines in gross income.

Promotional services agencies, which generate most of their revenues from sales promotion services, such as sweepstakes or premiums, contributed total gross revenues of $431.4 million, up 17% over 1989.

Sales promotion agencies, which focus on strategic planning and concept development, composed 25% of the sample and contributed $206.2 million in total gross income, up 8.5% from 1989. *(See methodology, Page 34.)*

Leading the promotional services group of 77 agencies is DCI Marketing, with gross income of $61.6 million, up 12.6% from 1989. DCI, based in Milwaukee, specializes in point-of-purchase and merchandising systems.

Clarion Marketing & Communications ranked No. 1 among 26 sales promotion agency respondents, with gross income of $26 million, up 39% from the previous year. A unit of D'Arcy Masius Benton & Bowles, the Greenwich, Conn.-based agency got an infusion of direct response billings in 1990 from DMB&B Direct, which recently was merged under the Clarion name.

The uncertain economy last year hit promotional agencies in various ways.

Overall employment grew 6.4% compared with less than 1% in '89. Employment growth seemingly was dominated by promotional services agencies, up 8.2% last year, compared with 3% growth for sales promotion shops.

But employment growth in the promotional services category was skewed by two agencies, BDS Marketing, Irvine, Calif., and MarketSource, Cranbury, N.J. Without their figures, employment growth for that group nudged forward only 2.6%.

BDS, under new president Beverly Totman-Ham, rose from a near ruinous slump two years ago to rank No. 9. Gross income jumped to $11.1 million last year, up 327.7% over 1989. Employment levels shot up to 150 in 1990, from 40 in 1989.

No. 6-ranked MarketSource reported 210 employees, up from 150 in the prior year, as it staffed up to meet demands in its area of specialty, event marketing.

Increased emphasis on strategic planning has allowed some agencies to cut back to a core staff and rely on free-lancers to carry the rest of the business.

"Clients used to come in and say they wanted T-shirts and premiums. Now they say, 'Look at us and tell us how to solve our problem,' " says Mark Mitchell, president of Mitchell & Co., Toledo, the No. 54 promotional services agency.

The shop has cut staff from 42 in 1987 to 17 last year and uses free-lancers frequently to fill in promotional services functions, while full-time staffers focus on strategic planning.

Intra-agency mergers, acquisitions and divestitures turned agency ownership into a revolving door in 1990.

British holding company FKB Group, which had assembled an impressive array of U.S. sales promotion shops since 1988, fell prey to its own acquisitiveness when it was forced to sell its U.S. holdings to service its debt.

Management at former FKB shop Louis London, St. Louis, No.

(Continued on Page 34)

Sales promotion agencies by U.S. gross income

Rank 1990	Rank 1989	Agency, headquarters	Gross income 1990	Gross income 1989	% chg	Employees 1990	Employees 1989	Leading service	Top executive, title	Telephone	Verified
1	3	**Clarion Marketing & Communications**, Greenwich, Conn.	$26,026	$18,776	38.6%	190	150	dir mktg	Raymond S. Rizzo, president-ceo	(203) 531-3600	✓
2	1	**Frankel & Co.**, Chicago	23,004	23,195	(0.8)	270	280	merch/pop	Bud Frankel, chmn	(312) 938-1900	✓
3	2	**Marketing Corporation of America**, Westport, Conn.	21,962	19,905	10.3	104	98	graphics/coll	Chris P. Barr, president	(203) 222-1000	
4	4	**Flair Communications**, Chicago	15,803	15,509	1.9	100	115	dir mktg, event mktg	Lee F. Flaherty, chmn-ceo	(312) 943-5959	✓
5	5	**U.S. Communications**, Minneapolis	13,915	14,000	(0.6)	75	NA	dir mktg	Terence M. Graunke	(612) 870-8910	
6	6	**Sims Freeman O'Brien**, Elmsford, N.Y.	13,511	11,234	20.3	85	80	graphics/coll	Jack Sims, Dick O'Brien, co-ceos	(914) 347-2600	
7	8	**Ryan Partnership**, Westport, Conn.	11,900	9,600	24.0	56	43	consulting	Thomas P. Libonate, president	(203) 226-3136	
8	7	**Impact**, Chicago	10,635	10,030	6.0	115	115	graphics/coll, consult	Joseph P. Flanagan, president	(312) 751-3500	
9	9	**Columbian Advertising**, Chicago	9,425	8,550	10.2	59	58	dir mktg	Bernard Miller Jr., chmn	(312) 943-7600	✓
10	10	**Siebel/Mohr**, New York	8,492	8,396	1.1	79	88	graphics/coll	Thomas McCann, president	(212) 593-0500	
11	11	**Beaumont-Bennett**, New York	7,200	7,800	(7.7)	60	62	merch/pop, graphics/coll	Mike Zisser, chmn-ceo	(212) 886-3300	
12	18	**Floathe Johnson Associates**, Kirkland, Wash.	4,973	3,670	35.5	71	64	NA	Maury Floathe, president	(206) 822-8400	
13	12	**Promotional Campaigns**, New York	4,819	5,501	(12.4)	36	44	graphics/coll	Tom Owen, president	(212) 561-6600	✓
14	13	**Arocom Group**, Fairlawn, Ohio	4,494	4,214	6.7	66	65	dir mktg	Leo J. LeFort, chmn-ceo	(216) 666-3727	✓
15	15	**Smiley Promotion**, New York	4,290	4,195	2.3	15	14	swps/games	Ronald Smiley, president	(212) 727-0770	✓
16	19	**CCM**, New York	4,024	3,100	29.8	20	23	dir mktg	Steven Polachi, partner	(212) 689-8225	
17	17	**Marcon Marketing Services**, New York	3,842	3,748	2.5	25	25	merch/pop	Stephen Field, president	(212) 683-3332	✓
18	16	**R.G. Meadows**, Great Neck, N.Y.	3,665	3,840	(4.6)	29	28	promo adv	Guy F. Allen, president	(516) 829-4404	✓
19	14	**Amrein Marketing Associates**, Westport, Conn.	3,452	4,207	(17.9)	14	16	swps/games	James R. Amrein, president	(203) 454-3500	✓
20	20	**Alley Marketing**, New York	3,089	3,000	3.0	19	20	consult	Frank Ombres, president	(212) 545-8500	✓
21	21	**Core Group Marketing**, Minneapolis	2,400	2,800	(14.3)	19	25	consult	Robert H. Hamilton, president	(612) 942-2939	✓
22	22	**Dugan, Valva Associates**, Morristown, N.J.	1,593	1,315	21.2	22	19	graphics/coll	Peter Dugan, chmn	(201) 539-8880	
23	24	**Hadley Group**, Stamford, Conn.	1,349	1,199	12.5	14	6	merch/pop	Victor Imbimbo Jr., president	(203) 323-8533	
24	23	**Thielen & Associates**, Fresno, Calif.	1,002	1,295	(22.6)	15	16	NA	Betsy Chow, comptroller	(209) 252-2500	✓
25	25	**Promotion Group Central**, Evanston, Ill.	955	1,009	(5.4)	10	11	swps/games	Edward J. Drumm, president	(708) 866-0100	
26	NA	**Sukon Marketing Communications**, New York	405	NA	NA	18	NA	merch/pop	Joseph Harris, president	(212) 627-5454	✓

Notes: Dollars are in thousands. See Page 38 for footnotes. Page 34 for methodology

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Promotional services agencies by U.S. gross income

Rank 1990	Rank 1989	Agency, headquarters	Gross income 1990	Gross income 1989	% chg	Employees 1990	Employees 1989	Leading service	Top executive, title	Telephone	Verified
1	1	**DCI Marketing**, Milwaukee, Wis.	$61,600	$54,706	12.6%	317	296	NA	Ron Chimenti, president	(414) 228-7000	
2	3	**Alcone Promotion**, Irvine, Calif.	31,788	23,700	34.1	125	97	merch/pop, premiums	Matt Alcone, president-ceo	(714) 770-4400	✓
3	4	**Cato Johnson Worldwide**, New York [1]	28,152	22,568	24.7	285	310	merch/pop	William Power, ceo	(212) 941-3700	✓
4	2	**D.L. Blair**, Garden City, N.Y.	27,704	25,700	7.8	168	179	swps/games	Thomas J. Conlon, president	(516) 746-3700	✓
5	5	**Lintas:Marketing Communications**, Warren, Mich. [2]	24,137	21,047	14.7	NA	NA	NA	F. Hoag, vice chmn-ceo; J. Bernardin, chmn	(313) 574-3400	✓
6	7	**MarketSource**, Cranbury, N.J.	21,600	15,500	30.9	210	150	dir mktg, event mktg	Martin D. Levine, president	(609) 655-8990	✓
7	6	**Comari-KLP**, New York	14,500	18,200	(20.3)	97	101	sales meetings/av	Vince Sottosanti, chmn	(212) 714-2550	✓
8	8	**Gross Townsend Frank Hoffman**, New York [1]	11,700	11,300	3.5	106	115	graphics/coll	Alan Gross, president	(212) 886-3000	
9	36	**BDS Marketing**, Irvine, Calif.	11,070	2,588	327.7	150	40	sampling	Beverly Totman-Ham, president	(714) 753-1600	
10	10	**Merchandising Workshop**, New York	9,700	8,500	14.1	128	128	graphics/coll	Norman R. Alshooler, president	(212) 239-4646	
11	9	**Communications Diversified**, New York	9,300	9,100	2.2	38	36	dir mktg, tie-ins	William H. Henneberry, chmn	(212) 213-3300	✓
12	14	**Guild Group**, Pleasantville, N.Y.	8,322	6,905	20.5	87	75	price promo	Victor Ayala, president	(914) 747-1331	
13	13	**DelWilber & Associates**, McLean, Va.	8,000	7,000	14.3	46	44	event mktg	Del Wilber, president-ceo	(703) 749-9300	
14	27	**Saatchi & Saatchi Marketing Services Group**, New York	7,760	3,040	155.0	48	35	consult, event mktg	Donald R. Dixon, chmn	(212) 463-2500	
15	11	**Saugatuck Group**, Darien, Conn. [2]	7,753	8,189	(5.3)	43	41	graphics/coll	Gary Oakley, chmn	(203) 655-8480	✓
16	15	**Don Jagoda Associates**, Melville, N.Y.	7,388	6,300	17.3	150	181	swps/games	Don Jagoda, president	(516) 454-1800	✓
17	12	**Einson Freeman**, Paramus, N.J.	6,485	7,863	(17.5)	61	70	swps/games	Jeffrey K. McElnea, president	(201) 262-7200	

Notes: Dollars are in thousands. See Page 38 for footnotes.

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Methodology

Agencies submitting figures in this report are categorized in two ways.

- Sales promotion agencies are fee-oriented agencies that draw 50% of gross income from sales promotion; staff-time fees and/or retainer fees comprise 50% or more of total gross income; concept development and strategic planning functions make up at least 40% of fees.
- Promotional services agencies focus on one or more sales promotion functions, such as sweepstakes, tie-ins, graphics-collateral, merchandising-point of purchase, etc. Time-of-staff fees, described as "professional services" or "account service," are less than 40% of total gross income; the bulk of revenues comes from creative work, execution, fulfillment and/or markups for production materials.

Included in this group are direct marketing and advertising agencies with strong sales promotion functions. These agencies are ranked by total gross income if sales promotion represents more than 50% of returns. If sales promotion gross income is less than 50%, the agencies are ranked only if sales promotion is one of the top two contributors to total gross income, and then they are ranked solely on gross income derived from sales promotion. □

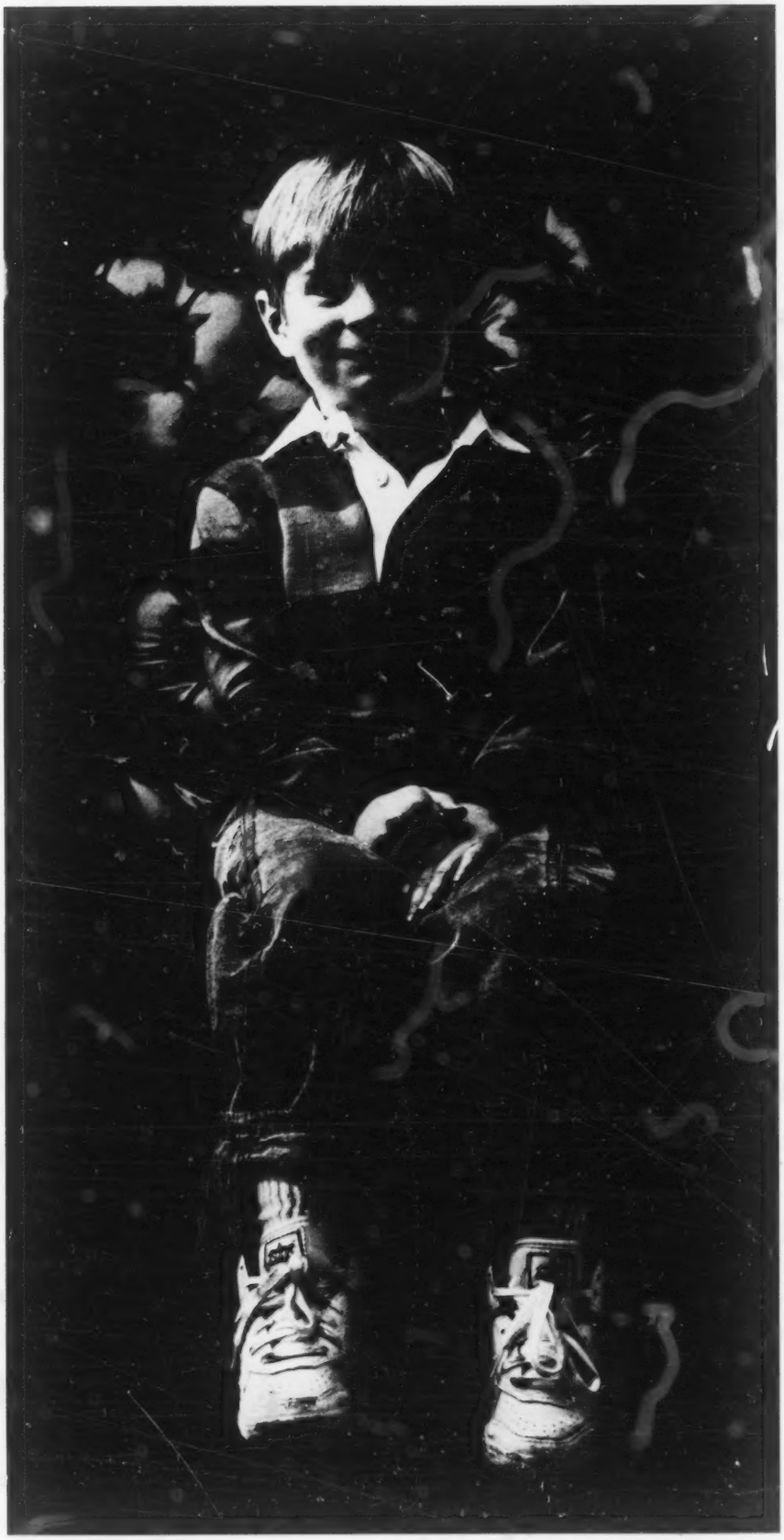
Income

(Continued from Page 32)

43 among promotional services agencies, bought itself back last year. Carlson Cos., Minneapolis, acquired FKB's Saugatuck Group, Westport, Conn., in August. Another former FKB shop, American Consulting Corp., No. 10 among sales promotion agencies last year, was dissolved, while QLM, No. 18 on last year's sales promotion agencies ranking, was bought by management.

The depressed U.K. stock market opened KLP Group to acquisition by Paris-based RSCG Group. KLP's lone U.S. property changing hands was Comart-KLP, ranking No. 7 among U.S. promotional services agencies.

Cato Johnson Worldwide, a unit of Young & Rubicam, New York, broadened its base when Y&R reorganized its sales promotion and direct-response units. Under the new alignment, Hutchins/-Y&R, New York, and Arthur Wilk Communications, Chicago, now report to Cato. □



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Sales promotion's badge of honor

Agency-of-record status builds in importance for shops

By Laurie Freeman

Garnering agency-of-record status has never been more important to sales promotion agencies.

In recent months, Quaker Oats Co. appointed William A. Robinson Inc., Chicago, as its sales promotion agency of record for Aunt Jemima syrups, pancake mix and frozen breakfast foods.

AT&T Co.'s Special Long Distance unit accorded Einson Freeman, Paramus, N.J., agency-of-record status for out-of-home long-distance services; and Kentucky Fried Chicken Corp. awarded agency-of-record status to Coddington, Chadwick & Meyerson, New York.

What these marketers found was "if you keep bringing agencies in and out on a project basis, they don't know your business as well as they should," says Lee Blitch, product marketing director at the AT&T unit.

"It takes time to bring an agency up to date . . . time that you don't always have in a competitive marketplace."

With the rise of scanner-based technologies and increased retail trade power over shelf space, information-sharing between client companies and sales promotion agencies is becoming crucial.

"With an agency of record, you're probably more willing to share a broader amount of information with them because you're in a permanent relationship," says John Lowrie, VP-division general manager, consumer products, Reynolds Metals Co. Einson Freeman has been Reynolds' agency of record for three and a half years.

Agency-of-record status, a long-sought prize for its financial stability, remains an uphill climb.

Advertising Age's 1991 survey of sales promotion agencies shows 51.9% of respondents say one-fourth or fewer of their clients named them agency of record. Another 22.8% say one-fourth to half of their clients bestowed the honor on them. Only 25.3% of respondents say they have agency-of-record status with more than half of their clients.

A recent Council of Sales Promotion Agencies survey of 50 client companies offers similar findings: 58% of the companies sampled say they work with shops on a project basis only. Thirty percent say they work on both a retainer and project basis, while only 12% say they work on a retainer basis only.

But the fact it's not pervasive doesn't mean shops don't yearn for agency-of-record recognition.

"It means we're sitting on the same side of the table as the strategic partner," says Einson Freeman President Jeff McElnea.

The recognition "gives you an opportunity to assign people full-time to the business and retain continuity," says Llewellyn Ross, exec VP and a principal of QLM Associates, Princeton, N.J.

Without such status, sales promotion agency executives say they often are left out of the information loop, a situation that hampers marketing efforts.

"When you're not on some kind of agreement, the client gives you only half the information you need," says Michael Wahl, president, Howard Marlboro Group, New York. "When that happens, you end up doing work that is the right solution to the wrong problem."

The promotion business no longer involves creating "just an FSI or a sweepstakes," says Alan Maites, president of William A. Robinson. "More and more clients are looking at us as marketing and strategic partners."

> **"If you're on a project basis, you're in a selling mode."**

Quaker Oats, in naming the agency to handle Aunt Jemima promotions late last year, has made it "a member of the team together with brand marketing people, internal promotion people, R&D, manufacturing people," Mr. Maites says.

"We're getting the [marketing] information at the same time the internal people are. It has proved to be a real partnership."

Quaker Oats believes working with a promotion agency in an agency-of-record capacity helps establish a marketing partnership with the brand.

"It gives [the agency] a chance to focus on what [the marketer] wants to do [with the brand] in terms of long-range plans," says Laura Jackson, media relations coordinator.

For some sales promotion shops, agency-of-record status has become standard operating procedure. At Frankel & Co., Chicago, 98% of the company's business is conducted on such a basis, with the remainder project assignments. That's compared with 60% 10 years ago.

"We don't try to get project work; our entire focus is on long-term relationships," says Chairman Bud Frankel. "If you're on a project basis, you're in a selling mode, which I think is a negative situation."

Still, some companies always will sincerely believe they'll miss out on a hot promotion if they tie themselves to one sales promotion agency, executives admit.

"Some clients will shy away from [agency of record] for sales promotion agencies," says Mr. Maites. "Instead, they may look at [it] for a specific product or division. And we encourage them to do that, too."

However, few sales promotion agencies will turn down project work. One reason is agencies can charge clients substantial premiums—as much as 20% more, according to one agency—for non-retainer work.

In many instances, clients that originally come in the door for project work only become convinced agency-of-record status is the right thing to do, Mr. Ross says.

"It's a nice vote of confidence from a client that says 'Hey, you're our partner in our marketing effort.' " □

Laurie Freeman is a free-lance writer based in Ann Arbor, Mich.

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Promotional services agencies (continued)

Rank 1990	Rank 1989	Agency, headquarters	Gross income 1990	Gross income 1989	% chg	Employees 1990	Employees 1989	Leading service	Top executive, title	Telephone	Verified
30	22	**Promotion Group**, New York	$3,505	$3,335	5.1%	18	19	merch/pop	Daniel J. Gorman, chmn	(212) 490-5656	
31	53	**Promotional Innovations**, Stamford, Conn.	3,500	1,500	133.3	23	18	tie-ins	John Henderson, president	(203) 325-3448	✓
32	35	**Fresh Perspectives**, Armonk, N.Y.	3,396	2,600	30.6	13	9	graphics/coll	Caren Berlin, president	(914) 273-6802	✓
33	43	**Marketing Continuum**, Dallas	3,329	2,150	54.8	24	18	merch/pop	Roberta Merkel, president	(214) 520-0080	✓
34	40	**Ventura Associates**, New York	3,200	2,300	39.1	25	24	swps/games	Ken Fehskens, president-ceo	(212) 586-9720	
35	34	**Waldbillig & Besteman**, Madison, Wis. [1]	3,013	2,687	12.1	29	29	NA	William J. Waldbillig, president	(608) 238-4767	
36	29	**Long, Haymes & Carr**, Winston-Salem, N.C. [2]	2,993	2,999	(0.2)	NA	NA	event mktg	Robert E. Fly, president-coo	(919) 765-3630	
37	30	**Arian, Lowe & Travis Advertising**, Chicago [1]	2,977	2,925	1.8	44	44	NA	David Lowe, ceo	(312) 243-3500	
38	25	**Hesselbart & Mitten Advertising**, Fairlawn, Ohio [2]	2,941	3,060	(3.9)	NA	NA	NA	Michael Atwell, exec vp	(216) 666-3727	✓
39	33	**Responsive Marketing Communications**, Schaumburg, Ill.	2,876	2,707	6.3	32	30	promo pkg	A.J. Marsiglia, president	(708) 240-1100	✓
40	26	**Intergroup Marketing Promotions**, Bloomfield Hills, Mich. [2]	2,872	3,044	(5.7)	NA	NA	NA	David Sowa, cfo	(313) 433-5200	
41	39	**PGM**, Chicago	2,696	2,371	13.7	27	22	graphics/coll	W.I. Goldman, S.D. Miller, partners	(312) 337-7676	✓
42	42	**Davidson Marketing**, Chicago	2,647	2,192	20.8	27	23	graphics/coll	Jay Farrell, president	(312) 527-3900	✓
43	41	**Louis London**, St. Louis	2,479	2,228	11.3	37	34	graphics/coll	Mark Shapiro, president	(314) 367-4100	✓
44	23	**Berenson, Isham & Partners**, Boston [1]	2,349	3,279	(28.4)	18	19	NA	Paul S. Berenson, president	(617) 423-1120	✓
45	37	**Difranza Williamson**, New York	2,312	2,475	(6.6)	29	31	graphics/coll	Elizabeth Powers-Trupp, managing dir	(212) 463-8302	
46	46	**Admark**, Topeka, Kan. [1]	2,181	1,999	9.1	45	40	NA	Sondra Busch, president	(913) 267-4712	✓
47	45	**PMC Partnership**, Westport, Conn.	2,100	2,000	5.0	10	11	swps/games	Sam Stryker, exec vp	(203) 227-8478	
48	44	**August, Bishop & Meier**, Chicago	2,009	2,044	(1.7)	18	23	merch/pop	Norman August, president	(312) 988-9200	✓
49	59	**Deare Marketing**, New York	1,979	1,216	62.8	12	8	tie-ins	Jennifer Deare, president	(212) 929-1313	
50	31	**William A. Robinson**, Chicago	1,959	2,911	(32.7)	21	28	merch/pop, graphics/coll	Alan Maites, president	(312) 372-9333	
51	50	**Sports Etcetera**, New York	1,867	1,758	6.2	10	6	event mktg	Ella Musolino-Alber, president	(212) 465-6565	✓
52	51	**Strategic Promotions**, Dallas	1,825	1,577	15.7	31	28	promo adv	Grahame R. Hopkins, president-creative dir	(214) 871-1016	✓
53	54	**National Promotion Services**, Atlanta	1,800	1,455	23.7	17	14	graphics/coll	Daniel Dodson Jr., exec vp	(404) 266-9258	✓

Notes: Dollars are in thousands. See Page 38 for footnotes, Page 34 for methodology. Chart continued on Page 38.

'Fill the top because the bottom always leaks'

By Laura Loro

For sales promotion shops, too much of a good thing can be dangerous.

McCracken Brooks Communications learned that tough lesson last year when the Minneapolis-based shop lost its two biggest accounts: CVN Television, a cable shopping channel, and G. Heileman Brewing Co., which had grown to account for 40% of the shop's business.

The agency recovered, replacing about two-thirds of the business with three accounts: Coors Brewing Co., Land O'Lakes and Coca-Cola Foods. Other smaller pieces made up the rest, says Keith McCracken, president-ceo.

"What we did is dig in and get very aggressive about new business," Mr. McCracken says.

New-business acquisitions in 1991 include Heinz Pet Products, K-Tel International, E.J. Brach Corp., Freezer Queen Foods and Northrup King Co., a lawn and garden company.

Client totals have increased from 12 during the CVN/Heileman days to more than 20.

"What we did is dig in and get very aggressive about new business."

"The degree to which you can control those percentages is the degree to which you can be successful," he says.

Revenues in 1990 remained flat but are expected to grow 40% in 1991 to more than $5.2 million, Mr. McCracken says.

But not all agencies have learned the lesson.

Advertising Age's 1991 survey of sales promotion shops shows 27.4% of respondents report one or two clients account for at least 50% of revenues.

An additional 26.2% rely on three clients for half of their revenues, while another 21.4% rely on four or five clients for half of their business.

Only 25% of the shops surveyed are diversified to the point where they rely on more than five clients for 50% of their revenues. However, experiences such as those of McCracken Brooks are leading more shops to try to join that elite 25%.

"There is a natural tendency on the part of sales promotion agencies—as well as ad agencies—when you have a highly profitable and expanding relationship with a client, to exploit that," says Thomas Conlon, chairman-ceo of D.L. Blair Corp., Garden City, N.Y.

"But it becomes risky from an agency's standpoint when one or two clients represent such a large part of profitability," he says.

There is no real industry rule of thumb on how billings should be apportioned among clients. Most agencies establish their own comfort point.

"Five or six clients representing 50% of business is healthy," says Joseph Flanagan, president of Impact, Chicago. "When you get down to two pieces of business representing 50%, you get into a danger zone."

While no agency would turn away a big client, shops must continually watch their client mix, Mr. Conlon says.

"It is incumbent upon an agency to review, every six months to a year, the importance of each of its clients. If one or more clients reaches a point of disproportionate business, the agency has to get out and reduce the percentage from new business or increase billings from all of its clients," he says.

Comart-KLP monitors billing apportionment "at least yearly," says Chairman-CEO Vincent Sottosanti. "And our instincts monitor it constantly.

"You can't fire your best client if it represents too much volume. You do a full-court press to get" additional business, he says.

His agency is doing just that. Chemical Bank, which had represented 15% of total business, left in 1990.

"If that had represented one-third or more [of billings], we would not be able to survive," Mr. Sottosanti says.

The key to maintaining client balance is to never have new business take a back seat, Mr. Flanagan says.

"Always continue to fill the top of the cup because there is always stuff leaking out of the bottom. It's just the way it is," he says.

If an agency has expertise in a certain area, it can be expanded to include, not conflicting clients,

(Continued on Page 38)

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Premiums • Club Programs • Entertainment Marketing

Promotional services agencies (continued)

Rank 1990	Rank 1989	Agency, headquarters	Gross income 1990	Gross income 1989	% chg	Employees 1990	Employees 1989	Leading service	Top executive, title	Telephone	Verified
54	38	**Mitchell & Co.**, Toledo, Ohio [1]	$1,778	$2,418	(26.5)%	17	26	merch/pop, dir mktg	Mark Mitchell, president	(419) 243-7600	✓
55	52	**Girgenti, Hughes, Butler & McDowell**, New York [2]	1,750	1,540	13.6	NA	NA	NA	Steven Girgenti, president	(212) 481-7080	✓
56	56	**Hobson Barnes & Associates**, Atlanta	1,676	1,429	17.2	20	20	event mktg	Tony Hobson, president	(404) 951-1888	✓
57	55	**Grant Marketing Communications**, Lafayette Hill, Pa. [1]	1,626	1,451	12.1	25	22	promo adv, price promo	Howard C. Grant, chmn	(215) 834-0550	✓
58	48	**Adair-Greene Advertising**, Atlanta [1]	1,625	1,958	(17.0)	NA	NA	NA	Warren Greene, president	(404) 351-8424	✓
59	65	**Zipatoni Co.**, St. Louis, Mo.	1,439	762	89.0	18	17	graphics/coll	Jack Thorwegen, ceo	(314) 481-6600	✓
60	64	**DVI Marketing Services**, Costa Mesa, Calif.	1,340	819	63.5	22	17	promo adv	Donald L. Carr, president	(714) 549-9900	
61	62	**Source Marketing**, Westport, Conn.	1,258	1,050	19.8	6	5	graphics/coll	Howard Steinberg, president	(203) 454-0348	✓
62	58	**Creative Exchange Promotion**, New York	1,176	1,263	(6.9)	11	10	merch/pop	Laurence Bachmann, president	(212) 206-1223	
63	60	**Daniel Glassman**, Fairfield, N.J.	1,170	1,090	7.3	14	12	telemktg	Daniel Glassman, president-ceo	(201) 575-3507	
64	68	**Wolf, Mansfield, Bolling**, Buffalo, N.Y. [2]	990	580	70.7	NA	NA	NA	Al Offen, exec. vp-coo	(716) 886-4000	
65	63	**Saxton Communications Group**, New York	943	820	15.0	5	5	tie-ins	Michael J. Enzer, president	(212) 867-2210	✓
66	61	**Daymark**, Cincinnati	837	1,054	(20.6)	12	12	dir mktg	Kerry B. Didday, president	(513) 751-1730	
67	72	**Sales Development Associates**, St. Louis [3]	730	327	123.2	12	10	telemktg database	Patricia M. Biggerstaff, president	(314) 862-8828	
68	69	**PROMOT**, Los Angeles	666	500	33.1	12	8	graphics/coll, premiums	K.J. Laessig	(213) 466-0990	✓
69	66	**R.P. Klein Associates**, New York	635	650	(2.3)	5	5	graphics/coll	Richard Klein, president	(212) 557-1450	✓
70	67	**Goss & Topp**, Exton, Pa.	554	616	(10.0)	8	8	tie-ins	Alexandra F. Goss, president	(215) 524-9933	
71	71	**DD&A**, Chicago	421	383	9.8	6	5	merch/pop	Dean Daigler, president	(312) 372-4722	✓
72	70	**Delfino Marketing Communications**, Valhalla, N.Y. [2]	388	458	(15.3)	NA	NA	promo adv	Geno B. Delfino, president	(914) 747-1400	✓
73	73	**Market-zing**, Cleveland, Ohio	354	285	24.2	NA	NA	NA	Jim DeVoe, ceo	(216) 831-0110	✓
74	74	**Lardis, McCurdy and Co.**, Meriden, Conn. [2]	285	275	3.6	NA	NA	NA	Don S. McCurdy, president	(203) 235-7040	✓
75	NA	**DK Group**, Hillsdale, N.J. [1]	221	NA	NA	6	8	NA	Richard Knel, president	(201) 358-6100	✓
76	75	**Dovetail Partner Promotions**, Overland Park, Kan.*	205	189	8.2	2	2	tie-ins	Richard G. Hopkins, president	(913) 642-8334	
77	76	**Don Wise Design**, New York*	113	113	0.0	6	8	graphics/coll	Don Wise, president	(212) 371-3333	

Notes: Dollars are in thousands. Rankings for agencies are based on gross income, defined as billings to clients less outside costs. Rankings for 1989 are computed from figures reported in 1990. Employee totals are limited to full-time personnel. Abbreviations used in leading service column denote: consulting, direct marketing, event marketing, graphics/collateral, merchandising/p.o.p., premiums/incentives, price promotion, promotional advertising, promotional packaging, sales meetings/A.V., sampling, sweepstakes/games/contests, telemarketing and tie-ins. Leading service does not include concept development and strategic planning. ✓ indicates an independent accountant verified figures. 1. Gross income includes minor portions of income from services other than sales promotion; 2. Gross income is limited to sales promotion returns; 3. Figures from 1989 are for 3 months. * indicates gross income is an AA estimate. See Page 34 for methodology. **Source:** Advertising Age survey.

AA Chart: Kathy Welyki and Kenneth Wylie

Recession

(Continued from Page 31)

the-board freeze on marketing budgets," he says. "Only what had to be done in the marketplace was done."

That one-two punch caught manufacturers off guard, Mr. Hawn says, but he also says the promotion industry wasn't prepared because it was riding "the promotion-is-booming euphoria."

Vincent Sottosanti, president of Comart-KLP, New York, says both sides "were caught short by this recession" because business for both had been so strong since '82.

"But now that the recession is settling in, advertisers are taking the time to plan ahead . . . and are again looking at goals that are best served by promotion. So there's been an uptick," he says.

Nevertheless, the promotion business has been changed, perhaps permanently, by the recession, he says.

"We've never had so many clients require justification for promotional marketing recommendations. It reflects the pressures to make marketing more accountable," he says. "And some of the old-boy-network relationships are gone in this climate. That's all OK, but it's different."

Lee Flaherty, president of Flair Communications, Chicago, says, "A recession is nature's way of telling you it's time to make changes, and I think this industry has had to stop and re-evaluate some things.

"Clients too are re-examining how to turn up the [sales] volume," he adds. "I think they're coming to appreciate the value of promotions again, but it has been after some reconsideration."

One change has been increased spending on what Mr. Flaherty calls the "hidden places in marketing," such as sales motivation and incentive programs. Several agencies say clients have asked them to develop more internal motivation and training programs.

"Clients are looking at areas like relations with the trade and distribution. There's a heavy focus on alternatives to media advertising," Mr. Maites says. "And that has gotten us looking at all the various promotional media available more than ever before."

Although many promotion executives say they expect to see marketing budgets loosen up by this year's fourth quarter, the promotion industry that emerges from the economic downturn may be fundamentally different from the one that entered it, they believe. □

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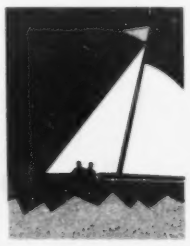

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Leaks

(Continued from Page 37)

but allied clients. For example, if an agency has a hardware manufacturer as a client, a software client would be a good prospect, Mr. Flanagan says.

Despite seeking clients in related fields, Mr. Flanagan is wary of having too many clients in one industry.

"You don't want to be caught in an industry which is suddenly caught in a downturn. You have three or four pieces in that industry and [you can be hurt]," he says.

It is also important to match client size and agency size, Mr. McCracken says.

"Very big agencies are going after small pieces of business and very small agencies are going after large pieces of business—that could only result in failure. It's crucial that an agency decide the volume of business—to be profitable and to meet the needs of the client," Mr. McCracken says. □

Laura Loro is a free-lance writer based in Philadelphia.

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CONSUMER MAGAZINE AD LINAGE

	March 1991	March 1990	Year-to-date 1991	Year-to-date 1990
■ Auto/cycle/rec. vehicles				
AutoWeek (52X)	109.0	136.3	306.6	410.7
Automobile Magazine C.	57.0	61.6	168.8	156.6
Car & Driver C.	95.8	94.2	272.3	266.2
Car Collector & Car Classics	25.0	22.5	61.0	59.1
Car Craft	61.3	66.8	145.1	173.9
Circle Track	83.8	87.9	255.3	265.7
Cycle	46.0	36.3	111.8	90.1
Cycle World	52.3	46.3	115.5	116.0
Dirt Rider	45.5	42.8	105.4	107.4
Dune Buggies & Hot VWs	64.4	64.6	202.3	196.9
Easyriders	38.7	25.1	111.8	73.7
Family Motor Coaching	180.6	194.7	501.3	494.5
Four Wheeler C.	80.4	74.5	216.3	207.0
Hot Rod C.	73.0	60.2	159.1	178.0
Motorcyclist	53.2	49.3	105.9	95.0
Motor Trend C.	81.8	70.9	205.6	191.1
Motorhome	81.7	96.9	240.0	274.2
Petersen's 4 Wheel	57.3	70.2	170.1	197.9
Rider	40.7	32.5	94.9	76.0
Road & Track C.	84.9	88.7	241.6	224.2
Trailer Life	79.2	101.6	235.7	264.8
Total Group	**1,491.7**	**1,524.0**	**4,026.4**	**4,118.8**
% change	**-2.1%**		**-2.2%**	
■ Boating & yachting				
Boating	96.7	138.3	308.4	479.0
Chesapeake Bay	31.2	43.8	79.8	115.1
Cruising World	108.3	119.8	295.1	319.7
Lakeland Boating (11X)	74.5	82.0	201.5	259.5
Motor Boating & Sailing	92.7	99.8	275.9	384.3
Sail	104.0	122.7	302.4	391.1
Sailing World	58.0	70.2	141.5	152.8
Trailer Boats (11X)	60.3	90.6	176.9	239.8
Yachting C.	114.3	133.1	365.4	453.3
Total Group	**739.9**	**900.3**	**2,146.9**	**2,794.5**
% change	**-17.8%**		**-23.2%**	
■ Civic/fraternal				
Elk (10X)	16.6	19.7	49.1	50.2
Kiwanis	15.3	15.2	51.4	56.4
Lion (10X)	11.2	4.3	17.0	10.9
Rotarian	18.5	14.3	55.2	46.5
V.F.W. (11X)	28.1	25.1	83.1	79.7
Total Group	**89.7**	**78.6**	**255.8**	**243.7**
% change	**14.1%**		**5.0%**	
■ General				
American Health (10X) C.	30.4	75.3	61.7	150.5
American Heritage (8X) C.	—	33.6	55.7	76.6
American Legion	26.8	36.7	108.6	117.1
Art & Antiques (10X) C.	107.0	109.5	191.3	222.8
ARTnews (10X)	83.5	131.5	260.3	346.3
The Atlantic A. C.	63.8	49.9	149.7	137.1
Bon Appetit A. C.	84.2	112.8	225.0	251.1
Cable Guide C.	19.3	33.9	70.7	88.9
Caribbean Travel & Life (6X)	73.9	39.3	125.6	76.2
Changing Times C.	51.0	59.2	145.8	163.4
Conde Nast Traveler C.	102.6	115.9	222.9	264.2
Connoisseur C.	42.9	60.3	102.2	163.9
Consumers Digest (6X) C.	21.2	26.7	47.9	48.1
Cooking Light C.	68.3	75.5	125.2	131.5
Departures N. America (6X)	—	—	79.8	38.5
Ebony C.	63.6	79.3	251.4	292.6
Endless Vacation (8X) C.	23.6	31.8	62.1	105.3
European Travel & Life (10X) C.	40.8	52.8	130.8	99.8
Food & Wine C.	60.9	60.4	133.6	148.3
Golden Years (6X)	31.6	40.6	64.4	84.0
Gourmet C.	86.5	114.9	244.2	274.7
Harper's Magazine A. C.	34.2	31.4	91.0	94.4
Islands (6X)	66.9	60.8	144.2	112.5
Let's Live	50.0	49.0	138.0	148.0
Life C.	38.3	55.8	118.9	147.3
Longevity C.	42.5	39.5	125.0	81.2
Mature Outlook (6X) C.	48.4	45.7	84.3	82.1
Modern Maturity (6X) C.	—	—	37.1	41.8
Money C.	91.9	102.2	280.1	286.9
National Geographic C.	20.3	19.6	60.6	70.7
National Geographic Traveler (6X) C.	65.8	77.2	98.3	98.9
Natural History C.	47.8	44.6	103.8	118.8
New Choices C.	29.8	27.6	77.9	77.4
Prevention C.	41.9	57.0	121.5	155.0
Reader's Digest A. C.	79.8	111.0	209.6	262.1
Saturday Evening Post (9X) C.	34.0	38.4	72.9	77.9
Smithsonian C.	67.8	74.1	207.8	230.3
Spin C.	37.1	40.8	104.8	103.0
Town & Country C.	81.0	143.9	204.5	359.2
Travel-Holiday C.	59.1	54.9	123.0	112.7
Travel & Leisure C.	129.1	147.7	324.1	335.5
Travelhost	1,136.8	1,287.0	3,270.1	3,616.0
Vanity Fair C.	122.3	145.2	235.7	295.4
Yankee C.	57.8	67.0	166.4	189.6
Total Group	**3,464.3**	**4,060.1**	**9,258.2**	**10,377.6**
% change	**-14.7%**		**-10.8%**	
■ Home				
Architectural Digest A. C.	89.4	139.7	281.6	394.4
Better Homes & Gardens C.	129.5	114.0	295.2	274.8
Colonial Homes (6X) C.	—	—	34.1	46.8
Columbus Monthly-Homes (4X)	—	—	26.7	20.6
Country Home (6X) C.	—	—	40.1	31.3
Country Life (6X)	48.9	55.0	109.8	104.8
Country Living C.	89.5	100.4	222.9	246.7
Family Handyman (10X) A. C.	41.3	36.4	124.1	95.4
Florida Home & Garden	41.5	71.3	134.0	210.4
Flower & Garden (6X)	39.9	46.7	39.9	46.7
Home C.	64.6	74.8	144.1	155.3
Home Mechanix C.	32.3	38.3	66.7	101.4
Homeowner (10X) C.	40.0	32.4	69.0	60.1
Horticulture	53.7	50.0	128.6	135.9
House Beautiful C.	67.2	63.9	159.9	161.2
House & Garden C.	88.5	116.9	193.2	234.1
Metropolis (10X)	50.4	49.0	109.8	119.8
Metropolitan Home C.	65.4	86.6	171.9	213.9
Midwest Living C.	—	—	50.6	41.0
1,001 Home Ideas C.	61.8	72.9	140.7	165.5
Organic Gardening (9X) C.	60.1	59.4	154.0	142.7
Phoenix Home/Garden	59.2	92.4	161.6	210.1
Practical Home-owner (9X) C.	51.3	45.7	144.5	115.4
San Diego Home/Garden	56.0	55.5	171.0	190.3
Southern Accents (11X) C.	47.6	74.3	88.7	134.5
Southern Living C.	109.2	135.7	270.4	305.5
Sunset Magazine A. C.	149.6	132.9	326.3	326.0
Workbench (6X)	44.7	27.9	44.7	27.9
Total Group	**1,581.2**	**1,772.2**	**3,903.8**	**4,363.5**
% change	**-10.8%**		**-10.5%**	
■ In-flight & other passenger				
Aboard Group (6X)	32.7	39.8	73.4	77.5
Alaska Airlines	50.8	75.2	155.7	213.7
America West Airlines	76.3	82.5	209.7	230.0
American Way (24X) C.	115.0	150.6	350.1	407.6
Continental Profiles	43.1	62.0	110.1	146.9
Delta Sky C.	68.8	83.0	193.0	209.7
Pan Am Clipper	38.2	46.8	96.7	129.1
Southwest Spirit	60.5	66.5	151.1	141.2
Spirit of Aloha	40.4	34.8	111.6	102.6
Trump's	29.1	23.1	53.6	44.5
TWA Ambassador B.	36.5	—	104.3	—
United Vis 'A Vis	85.6	91.8	209.2	195.4
US Air Magazine	69.0	60.6	196.4	172.2
Total Group	**709.5**	**816.6**	**1,910.6**	**2,070.3**
% change	**-13.1%**		**-7.7%**	
■ Men's				
Esquire A. C.	89.0	141.1	193.2	282.0
Firehouse Magazine	44.8	31.4	135.7	95.6
Gentlemen's Quarterly A. C.	183.4	236.1	355.9	448.3
M Inc. C.	47.0	92.0	152.5	202.0
Men's Health (6X)	28.7	24.3	47.1	24.3
Muscle & Fitness C.	124.3	104.8	353.7	299.5
Penthouse A. C.	49.5	59.5	177.8	154.1
Playboy A. C.	52.2	63.2	172.8	163.8
Total Group	**518.9**	**752.4**	**1,588.7**	**1,669.4**
% change	**-17.7%**		**-4.8%**	
■ Metropolitan				
Aloha (6X)	35.5	40.7	73.0	86.0
Annapolitan	41.5	62.0	138.1	193.7
Atlanta	73.2	68.4	184.2	182.9
Baltimore	41.0	52.7	118.7	161.8
Boston	79.1	104.7	216.9	286.6
California C.	59.4	75.2	129.5	165.9
Chicago	85.8	108.1	195.0	264.5
Chicago's North Shore	83.0	109.6	218.8	261.1
Cincinnati	28.6	22.5	93.6	99.3
Cleveland	51.4	45.9	90.7	114.4
Columbus Monthly	34.2	46.3	113.6	150.7
Connecticut	51.9	90.1	163.1	263.9
D/Magazine	48.4	61.5	126.0	153.9
Detroit Monthly	29.3	51.5	122.9	148.4
Grand Rapids	19.0	24.3	67.6	73.8
Gulf Coast (13X)	102.7	56.8	274.1	143.3
Honolulu	46.4	56.9	127.3	153.9
Houston Metropolitan Magazine	54.7	45.9	166.5	98.0
Inside Chicago (8X)	17.5	24.0	33.5	42.0
L.A. Style	75.5	124.8	188.1	263.6
Los Angeles	87.2	120.8	248.8	364.9
Louisiana Life (6X)	32.8	26.6	55.5	57.3
Madison	26.0	28.0	90.0	107.0
Memphis	43.4	49.0	134.0	158.7
Mid Atlantic Country	45.1	36.1	127.0	99.8
Milwaukee	60.2	61.2	153.8	151.5
Minneapolis/St. Paul	97.7	108.6	250.0	308.8
Minnesota Monthly Magazine	41.8	57.9	129.2	175.0
New Jersey Monthly	45.7	70.3	129.7	185.1
New Mexico	21.5	19.5	143.5	129.9
Ohio	51.4	54.3	119.0	149.3
Orlando	96.8	98.8	284.8	276.8
Pacific Northwest	33.6	51.0	80.0	124.9
Palm Beach Life	62.7	99.1	191.3	283.5
Palm Springs Life	160.0	158.5	457.0	500.7
Philadelphia	93.9	110.2	292.6	387.9
Phoenix	26.4	30.2	85.5	124.7
Pittsburgh	67.2	77.8	183.4	180.8
Rhode Island Monthly	32.0	51.0	120.6	143.8
Sacramento Magazine	41.8	49.8	153.7	153.1
St. Louis	33.0	51.5	104.0	130.2
San Diego	96.2	133.5	263.9	364.4
San Francisco Focus C.	65.7	102.2	185.1	248.8
Sarasota (10X)	101.0	131.0	244.1	330.0
South Florida Magazine	42.8	84.6	170.5	279.2
Texas Monthly C.	108.4	135.6	297.9	314.6
The Washingtonian	100.6	118.5	279.3	365.6
Total Group	**2,772.6**	**3,387.6**	**7,815.2**	**9,403.8**
% change	**-18.2%**		**-16.9%**	
■ Music/entertainment				
Audio	68.2	71.9	225.5	252.6
Dance Magazine	59.5	66.6	196.5	198.3
Playbill	34.4	41.2	108.3	125.7
Premiere C.	55.0	52.9	155.0	165.1
Video Magazine	62.8	58.0	202.9	198.0
Total Group	**279.9**	**290.5**	**888.1**	**939.6**
% change	**-3.6%**		**-5.5%**	
■ Outdoor & sport				
Alaska	55.6	44.1	141.1	122.3
The American Handgunner (6X)	51.0	59.0	103.0	113.0
American Hunter	15.9	18.8	47.4	56.9
American Rifleman	19.4	22.6	58.8	67.5
Backpacker (8X) C.	—	—	22.1	23.6
Bass Master (10X) A. C.	102.3	36.6	262.4	244.4
Bicycling (9X) C.	130.9	138.3	202.8	214.1
Ducks Unlimited (6X)	35.5	47.0	54.9	71.6
Field & Stream C.	81.9	110.6	194.5	224.8
Fishing World (6X)	40.8	47.7	71.2	128.0
Florida Sportsman	131.0	148.2	365.6	459.2
Golf Digest C.	96.0	105.8	282.7	356.2
Golf Illustrated C.	67.7	74.0	112.8	116.8
Golf Magazine C.	111.5	101.5	367.6	395.2
Guns	35.0	44.0	108.0	126.0
Guns & Ammo	37.3	72.3	101.3	145.8
In-Fisherman (7X)	72.5	80.0	187.0	193.5
Outdoor Life C.	75.9	79.7	184.3	194.0
Outside Magazine C.	76.6	69.9	167.8	153.2
Petersen's Hunting	36.0	29.0	103.8	98.6
Runner's World (12X) C.	43.1	29.0	143.9	81.0
Salt Water Sportsman C.	95.1	122.3	302.7	383.3
Shooting Times	27.7	33.2	78.6	95.8
Sierra (6X)	41.5	40.5	86.5	69.5
Ski (8X) A. C.	49.6	50.5	248.7	247.8
Skiing (7X) A. C.	68.5	85.1	229.6	230.0
Skin Diver C.	116.2	121.5	344.0	325.3
Southern Outdoors (9X)	35.4	54.2	127.8	152.0
Sport Magazine C.	49.0	36.2	104.4	86.5
Sports Afield C.	67.8	87.0	192.7	205.4
Surfing	46.3	66.3	175.6	207.0
Tennis C.	64.6	77.0	152.4	165.6
Western Outdoors (9X)	30.6	44.6	74.3	124.2
WindRider (8X)	52.7	60.7	52.7	60.7
World Tennis C.	30.0	29.3	81.8	92.5
Total Group	**2,091.1**	**2,316.5**	**5,535.0**	**6,031.0**
% change	**-9.7%**		**-8.2%**	
■ Photography				
American Photo (6X) C.	44.2	46.1	86.1	86.7
Petersen's Photographic	27.7	20.6	76.9	61.1
Popular Photography C.	99.9	95.0	315.8	292.7
Total Group	**171.8**	**161.7**	**478.8**	**440.5**
% change	**6.3%**		**8.7%**	
■ Science/electronic/mech				
Discover C.	28.3	43.8	93.8	113.9
Home Office Computing C.	41.0	53.5	121.2	167.9
Omni C.	54.7	54.7	177.3	164.8
Popular Mechanics C.	61.5	63.4	157.3	180.7
Popular Science C.	55.0	71.5	148.1	159.4
Scientific American C.	37.6	30.3	139.1	102.7
Spectrum C.	42.3	45.4	139.1	159.4
Total Group	**320.5**	**362.5**	**975.9**	**1,048.7**
% change	**-11.6%**		**-6.9%**	
■ Woman/fashion/service				
Bride's Magazine (6X) A. C.	—	—	807.8	790.7
Cosmopolitan A. C.	182.1	165.9	442.3	442.9
Elle C.	216.8	235.8	394.9	444.0
Essence C.	61.8	81.1	164.6	199.2
Family Circle (17X) A. C.	116.3	120.1	347.5	352.9
Glamour C.	182.4	184.5	361.3	358.7
Good Housekeeping A. C.	138.4	149.7	380.5	368.3
Harper's Bazaar C.	141.4	175.9	278.7	350.2
Health C.	43.6	38.4	97.7	104.2
Imagen	83.6	119.7	203.8	251.1
Ladies' Home Journal C.	142.1	153.3	358.6	349.4
Lear's C.	52.7	75.5	117.5	167.0
Mademoiselle C.	121.6	144.6	260.0	313.0
McCall's C.	96.3	86.9	253.7	233.1
Military Lifestyle (10X)	53.7	40.9	99.9	123.6
Mirabella C.	100.6	141.5	228.7	285.5
Modern Bride (6X) C.	—	—	627.3	631.5
New Woman C.	80.0	82.2	189.7	209.6
Parenting (10X) C.	86.2	72.3	162.6	132.8
Parents Magazine A. C.	125.4	121.7	323.3	303.7
Redbook C.	115.5	127.3	260.2	266.5
Self C.	94.7	136.7	199.6	292.2
Seventeen C.	127.6	174.7	235.4	295.6
Shape C.	54.5	59.5	151.2	144.9
Soap Opera Digest (26X) C.	30.5	36.9	94.0	96.2
Teen Magazine	65.1	69.1	117.6	128.8
True Story A. C.	45.0	59.9	118.9	165.4
Victoria C.	51.9	56.8	122.4	138.3
Vogue C.	335.7	380.9	653.6	710.7
W Magazine (26X) C.	128.8	168.4	306.2	393.6
Weight Watchers C.	38.8	35.2	108.0	113.2
Woman's Day (15X) A. C.	64.0	166.0	203.0	331.3
Workbasket (6X)	37.1	21.3	37.1	21.3
Working Mother C.	58.5	65.4	164.0	176.5
Working Woman C.	84.9	88.4	213.9	250.7
Total Group	**3,357.5**	**3,836.4**	**9,085.8**	**9,936.4**
% change	**-12.5%**		**-8.6%**	
■ Youth				
Boys' Life C.	17.6	16.6	45.4	58.6
Campus Life (10X)	75.0	63.2	165.7	140.5
Total Group	**92.6**	**79.8**	**211.0**	**199.2**
% change	**16.1%**		**6.0%**	
■ Business/national				
Barron's	135.5	146.1	352.4	397.9
Black Enterprise C.	55.7	52.9	207.7	230.4
Business Week (5X) A. C.	206.8	284.1	600.8	756.0
Economist (52X) C.	229.2	237.6	540.9	603.6
Entrepreneur C.	151.8	139.6	535.6	510.7
Financial World (26X) C.	47.8	101.3	124.6	245.1
Forbes (26X) C.	194.3	212.2	565.6	679.9
Fortune (26X) C.	152.7	227.0	408.2	624.9
Frequent Flyer	33.3	41.7	109.2	113.0
Futures	43.3	40.7	110.2	116.9
Inc. Magazine C.	62.2	66.8	197.3	236.8
Income Opportunities	84.1	81.3	180.2	172.4
Industry Week (23X) A.	71.3	83.6	192.2	253.8
Nation's Business (12X) A. C.	23.0	31.6	79.3	82.9
Success C.	36.5	38.6	111.8	79.5
Total Group	**1,527.4**	**1,785.1**	**4,315.9**	**5,103.7**
% change	**-14.4%**		**-15.4%**	
■ Business/regional				
Business First of Columbus (52X)	103.8	100.0	276.3	243.3
Bus. Jrnl.-Milwaukee (52X)	112.6	136.3	313.1	434.1
Bus. Jrnl.-Sacramento (52X)	72.5	86.2	206.6	244.2
Bus. North Carolina	26.7	39.0	82.7	167.0
Capital Dist. Business Review (52X)	66.4	63.8	185.2	177.6
Caribbean Business	69.6	123.2	252.6	266.9
Corporate Rpt. Minnesota	51.1	39.7	133.1	130.6
Crain's Chicago Bus. (52X)	91.9	149.3	238.7	351.1
Crain's Cleveland Bus. (52X)	47.4	51.9	144.9	161.4
Crain's Detroit Bus. (52X)	63.3	94.3	183.5	244.0
Crain's New York Bus. (52X)	45.0	61.0	137.0	153.0
Florida Trend (13X)	26.6	36.0	87.8	109.3
Georgia Trend	42.0	55.5	99.3	118.1
Grand Rapids Business Journal	57.2	57.7	143.9	156.6
Hawaii Business	69.2	62.7	139.7	141.0
Houston Bus. Jrnl. (52X)	109.7	66.0	282.0	199.0
Indianapolis Bus. Jrnl. (52X)	119.0	138.0	308.2	384.6
Nashville Business & Lifestyle B.	20.3	—	59.7	—
New England Bus. (12X) A.	35.2	31.8	65.3	95.8
New Orleans City Bus.	76.5	46.3	221.3	150.9
Pacific Bus. News (52X)	99.7	85.2	275.6	260.2
Philadelphia Business Journal (52X)	78.2	107.4	218.2	342.2
Pittsburgh Bus. Times (52X)	66.0	112.4	164.5	287.0
Providence Business News	67.9	68.3	191.0	195.3
St. Louis Bus. Jrnl. (52X)	120.8	111.5	327.2	302.3
Warfield's/Maryland (26X)	62.5	51.4	143.6	161.1
Total Group	**1,780.7**	**1,975.0**	**4,821.3**	**5,476.6**
% change	**-9.8%**		**-12.0%**	
■ National Sunday mags				
Parade (52X) C.	75.7	44.9	196.5	142.0
USA Weekend (52X) C.	63.3	51.9	150.3	154.6
Vista Magazine (52X)	23.9	18.6	42.1	42.8
Total Group	**162.9**	**115.5**	**388.9**	**339.4**
% change	**41.1%**		**14.6%**	
■ Newspaper Sunday magazine				
Boston Globe	164.6	244.6	376.[illegible]	552.3
Chicago Tribune	76.0	129.7	218.6	316.2
Cleveland Plain Dealer	43.0	61.6	91.4	94.5
The Dallas Morning News	61.8	49.2	120.3	133.3
Detroit Free Press	36.0	42.0	90.0	103.0
L.A. Times C.	29.7	102.3	105.5	211.1
Louisville Courier-Jrnl.	25.0	21.0	56.0	60.0
New York Times Magazine C.	326.8	363.2	679.7	818.6
Seattle Times	83.0	71.0	168.0	191.0
St. Louis Post Dispatch	71.0	74.5	196.5	193.8
Toledo Blade Magazine	51.9	36.6	94.8	86.8
Washington Post	105.6	109.1	235.2	276.2
Total Group	**1,074.4**	**1,304.8**	**2,432.7**	**3,036.8**
% change	**-17.7%**		**-19.9%**	
■ Weeklies/bi-weeklies				
The Advocate (26X)	150.2	120.6	514.5	395.3
Army Times Military Group:				
Air Force Times (52X)	129.5	132.0	367.9	418.8
Army Times (52X)	130.2	126.9	364.4	414.1
Navy Times (52X)	140.3	140.6	395.1	431.9
Capper's (26X)	28.0	24.9	95.5	100.0
Commonweal (22X)	13.5	16.3	26.1	32.1
Entertainment Weekly (52X) C.	81.8	80.2	185.5	152.4
Golf World (41X) C.	151.4	181.2	428.1	464.7
Grit (52X) A.	40.9	37.2	119.5	109.5
Jet (52X) C.	79.0	79.4	236.0	231.4
National Journal (50X) C.	55.0	57.0	120.0	128.5
National Review (25X)	21.5	20.1	76.3	67.0
New Republic (48X)	43.3	42.1	115.8	119.0
New York Magazine (50X) C.	173.5	193.7	434.3	521.2
New Yorker C.	126.4	159.7	317.9	489.4
Newsweek (52X) A. C.	134.1	165.0	369.0	473.5
People (51X) C.	255.7	246.7	663.1	656.4
Rolling Stone (25X) C.	123.9	160.0	299.1	386.6
Sporting News (52X) C.	39.1	41.5	89.1	117.6
Sports Illustrated (52X) A. C.	155.1	184.0	457.6	578.7
Time (52X) A. C.	162.8	180.4	441.6	529.2
TV Guide (52X) A. C.	207.7	265.7	653.5	802.7
US Magazine (26X) C.	29.4	59.3	87.4	144.7
U.S. News & World Report (50X) A. C.	141.3	149.9	327.3	396.2
Total Group	**2,614.6**	**2,864.2**	**7,184.5**	**8,160.8**
% change	**-8.7%**		**-12.0%**	

NOTES: Linage is given in paid ad pages. (X) represents the number of times published each year; publications are monthly unless otherwise specified. A. Sectional linage included but prorated to circulation of regional editions. B. Incomplete report not included in group total and % change. C. Figures supplied by Publishers Information Bureau. All other figures are supplied by the magazines. *Ad Age* makes no attempt to verify figures and is not responsible for inconsistencies or errors. Compiled by Kathy Welyki.

Changing fashions

New publishers try to shape up magazines

By Scott Donaton

The recent appointments of three new publishers at leading women's fashion magazines is expected to intensify the war for advertising in the troubled category.

Hearst Corp. last week named Carl Portale publisher of *Harper's Bazaar*, from the same post at Murdoch Magazines' *European Travel & Life*. Mr. Portale, 51, succeeds Martin Schrader, 66, who retires next month after 14 years at the magazine's helm.

In December, Anne Sutherland Fuchs jumped from publisher of Hachette Magazines' *Elle* to publisher of Conde Nast Publications' *Vogue*, the fashion category leader. Hachette, in turn, hired *New York Magazine* Associate Publisher Lawrence Burstein as *Elle's* new publisher.

The changes at *Harper's Bazaar* also come amid growing speculation the magazine's longtime editor, Anthony Mazzola, will retire or be replaced in the near future. Mr. Mazzola joined Hearst in 1948 and has been editor in chief of *Harper's Bazaar* since 1972.

Hearst Magazines President D. Claeys Bahrenburg declined to comment on rumors about Mr. Mazzola.

"I'm very pleased with the work Tony's doing," he said.

The fashion magazine field has been hurt not only by the recession and general downturn in ad pages but by the deeper troubles of the fashion and retail industries and increased competition from upstarts like Murdoch Magazines' *Mirabella*.

In first quarter 1991, ad pages fell 8% at *Vogue*, 11.1% at *Elle* and 20.4% at *Harper's Bazaar*, compared with the same period last year.

"Obviously, these are very competitive times for the advertising dollar, and I suspect with all this changing of the guard, the magazines are trying to go after specific markets and bring in people who are going to specialize," said Tom Fallon, promotion director at Bill Blass Ltd.

"It means renewed competition," said Roberta Garfinkle, VP-director of print media at McCann-Erickson Worldwide, New York. "These magazines have not been in good shape in the last year or so."

The competition should heat up in the coming months as the new publishers establish industry contacts and settle into their roles, Ms. Garfinkle said.

"It's very obvious to everybody that *Harper's* needs to reach out for a bigger share of the market," said Bill Blass' Mr. Fallon. "The size of it speaks for itself. It's certainly the thinnest of the magazines."

"I think *Bazaar* is holding up pretty well in terms of its share," said Hearst's Mr. Bahrenburg. "I think there is a lot of change going on in the marketplace, and everyone's looking to be in step with that."

Harper's Bazaar has faced an uphill climb since the 1985 launch of *Elle*, which waged a vigorous campaign to dethrone *Vogue* as the nation's dominant fashion magazine.

Elle's U.S. edition posted double-digit ad page and circulation gains in its first few years and was one of the fastest-growing consumer magazines ever until its growth rate cooled off in 1989.

Conde Nast responded to *Elle's* assault in 1988 by naming Anna Wintour to replace Grace Mirabella as editor of *Vogue*. She's credited with transforming *Vogue*, which some viewed as stodgy, into a younger, trendier magazine. The addition of Ms. Fuchs was yet another measure designed to solidify *Vogue's* leadership position.

Vogue remains the largest fashion magazine in terms of paid circulation, though it declined 2.6% to 1,215,767 for the six months ended Dec. 31, compared with year-earlier figures, according to Audit Bureau of Circulations figures.

Elle's circulation rose 1.2% during the same period to 836,556, but newsstand sales dropped a sharp 25.9%. Circulation at *Harper's Bazaar* increased 1.8% to 749,006 in 1990's second half. □

The top three fashion magazines

Magazine (parent co.)	1st qtr. ad pages	% chg	Circulation	% chg
Vogue (Conde Nast)	653.64	(8.0)	1,215,767	(2.6)
Elle (Hachette)	394.87	(11.1)	836,556	1.2
Harper's Bazaar (Hearst)	278.66	(20.4)	749,006	1.8

Sources: Publishers Information Bureau
Audit Bureau of Circulations FAS-FAX for the six months ended Dec. 31, 1990

Liability

(Continued from Page 3)

dent Jim Joyella. "In an economic environment like this, nobody wants to be left holding the bag and sequential liability greatly enhances the possibilities for confusion and ambiguity as to who has liability at any given point in time."

In response to the agency liability change, member stations had suggested several "knee-jerk responses," including "billing the clients directly and not commissioning the agencies," he said.

The issue of written contract liability isn't as clear for broadcast advertising buys, where transactions are often made without an exchange of paperwork, as it is for print media.

In broadcast buys, it's been the "implicit understanding" between agencies and stations that the conditions of the standard contract apply, calling for sole agency responsibility, Mr. Joyella said.

Those deals may have been "conducted by a handshake or on scraps of paper," he said.

Consequently, he said, it isn't enough for stations to change their liability policies in their contracts, but they must take extra steps to communicate those changes to agencies.

"Because our industry operates without signed contracts, it will be important to notify advertisers, agencies and buying services that your contracts contain this clause," Tim McAuliff, president of TV rep Blair Television, said in a recent memo advising his station clients of the policy change.

"In the event of resistance to the above by an advertiser, agency or buying service, there is an alternative, albeit less ironclad and more cumbersome," Mr. McAuliff recommended to his clients.

This "second-tier approach," would follow the Four A's clause but would allow stations not paid within a specified number of days to notify the advertiser of nonpayment after advising the agency.

"It appears that dual liability is the de facto position of the overwhelming majority of consumer magazines."

That notification would have to include "legally defensible language" that makes it unequivocally clear that the station would then hold the advertiser liable, Mr. McAuliff said.

On the print media side, the Magazine Publishers of America has surveyed 40 of its members, including the 17 largest, to determine their policies on liability, MPA President Donald Kummerfeld said in a recent letter to the Four A's.

Of the 36 members that had official policies, 29 use some form of dual liability while seven espouse sole liability of the agency. Several of those seven companies are in the process of changing to dual liability policies, Mr. Kummerfeld said.

"It appears that dual liability is the de facto position of the overwhelming majority of consumer magazines," he said.

The MPA plans to discuss the issue May 7 at its next board meeting.

However, several magazine publishers have recently accepted insertion orders from agency Wells, Rich, Greene for Continental Airlines' ads containing the sequential liability disclaimer.

In addition to several general business magazines (AA, April 22), Advance Publications' *The New Yorker* has accepted the buys, but only after receiving assurances from Continental that it had accepted liability.

"The requirement we have asked for is that the insertion order include the authorized signature of an officer of Continental" accepting client liability, said Lynn Guthrie Heiler, associate publisher of *The New Yorker*.

Ms. Heiler said she believes Conde Nast Publications, a unit of Advance, is "asking for the same thing."

However, Conde Nast executives said the company hasn't received any contracts with sequential liability clauses and hasn't developed a policy for handling them. □

FOR THE RECORD

QUAKER OATS CO., Chicago, named **Berry-Brown**, Dallas, to succeed J. Walter Thompson USA, Chicago, on its estimated $4 million to $5 million rice cake and granola bar account. JWT's only remaining Quaker business is in pet foods, primarily the $10 million Kibbles'n Bits'n Bits'n Bits dog food account.

BRITISH GAS, London, tapped **BMP DDB Needham** for its consolidated $34.3 million heating, ovens and service products account. Previously, the agency had split the business with Young & Rubicam and Ogilvy & Mather. Y&R had had the greatest share, about $20 million in spending.

LEXMARK INTERNATIONAL, Greenwich, Conn., an IBM Corp. spinoff, named IBM agency **Lintas:New York** to handle its workstation printers and Lintas' **Fahlgren Martin**, Parkersburg, W. Va., for its printer and typewriter supplies business. Combined spending is estimated at $20 million.

POLITICAL CANDIDATES would have to put their names and faces on ads targeting opponents under a bill introduced in the North Carolina House of Representatives. The sponsor is Rep. Walter Jones Jr. (D., Pitt County).

"USA TODAY" and United Airlines will team up to promote Major League Baseball's All-Star Game for the next three years. The "*USA Today*/United Ticket to the All-Stars" promotion will include a radio campaign, point-of-purchase materials and ads in *USA Today*, *USA Today Baseball Weekly* and United's *Vis-A-Vis* in-flight magazine. *USA Today* handles advertising in-house; Leo Burnett USA, Chicago, is United's agency.

ROBERT MAXWELL'S Maxwell Specialist Magazine on May 16 launches *Rock Power*, a pan-European rock music magazine in local language editions. The title will be available in seven Western European nations as well as in Hungary and the Soviet Union. Ads via the Leisure Process, London, support. Separately, Maxwell Communication Corp. warned investors that pretax profits for the year ended March 31 will be lower than the $292 million reported a year earlier.

MATTEL AND LUCASARTS Entertainment formed a worldwide partnership to create toys to be marketed by Mattel under the LucasToys trademark. The toys, which at least initially won't be related to any movies from filmmaker George Lucas, will be introduced at the American International Toy Fair next February. Mattel hasn't yet assigned the account.

GLAMOUR, CONDE NAST TRAVELER, *Interview* and *The New Republic* won general excellence awards in their circulation classes at the American Society of Magazine Editors' 1991 National Magazine Awards ceremony.

WASHINGTON TIMES CORP. is redesigning and repositioning *Insight*, its troubled newsweekly. *Insight* will unveil a new logo and look with its May 6 issue and will shift its editorial focus to investigative journalism and political commentary pieces from coverage and analysis of news events.

CONAGRA, Omaha, Neb., agreed to acquire Golden Valley Microwave Foods, Edina, Minn., in a stock exchange. Golden Valley markets microwave popcorn, french fries and breakfast foods under the Act II name. The companies jointly own Lamb-Weston and have used that venture to develop microwave french fries. Martin/Williams, Minneapolis, handles some projects for Golden Valley, which spent less than $1 million on ads last year.

NEW CAMPAIGNS: Schering-Plough Healthcare Products today breaks a TV spot featuring the Little Miss Coppertone and dog logo. Cadwell Davis Partners, New York, handles. . . . **Pizza Hut** last week ran a page ad in *USA Today* announcing it's delivering a free pizza to everyone in the U.S. with the surname Domino, in a jab at Domino's Pizza. A network TV spot supports, via BBDO Worldwide, New York.

ACCOUNT ACTION: Admiral Cruises, Miami, invited eight Southern shops to pitch its $6 million account, resigned by Ryder & Schild after the agency won the $8 million-plus Costa Cruise Lines account. . . . **Household Credit Services**, Salinas, Calif., to **Della Femina, McNamee**, Los Angeles, for its $10 million credit card launch in five Midwestern states this fall.

WORTH NOTING: Kentucky Fried Chicken Corp. last week began testing a full breakfast menu in 30 Singapore restaurants. The menu features chicken sausage, omelets, a scrambled egg sandwich and country cut toast. TV, newspaper and in-store materials support. . . . The first Czechoslovakian issue of **Playboy** hit newsstands April 26. The pressrun of the 126-page first issue was 65,000. Fourteen ad pages were sold. . . . **Fogarty & Klein/Winius-Brandon**, Houston, will be the new name for Fogarty & Klein and Winius-Brandon, which are merging into a $97 million shop as of July 1. . . . **Ketchum Advertising**, Chicago, is the new name of Ketchum/Mandabach & Simms. . . . **Campbell-Mithun-Esty**, New York, has moved to new offices in the Chrysler Building, 405 Lexington Ave., 10174. Phone: (212) 856-4500.

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Top kid TV offender: Premiums

By Steven W. Colford

Fast-food marketers and 900-number services most often violate the voluntary guidelines of the National Advertising Division's Children's Advertising Review Unit, a study found.

Still, fewer than 385 of the 10,329 commercials in the study violated the guidelines. The study, commissioned by CARU, was one of the most intensive examinations of children's TV advertising.

Among fast-food advertisers, who accounted for 5.6% of the spots monitored, Burger King Corp. accounted for 83 of the 109 violations. Most of the offending commercials touted premiums.

The study, conducted in February and March 1990, examined a composite week of children's programming on three affiliates of the Big 3 networks, two independent broadcasters and two cable channels, USA Network and Nickelodeon. The study looked at 604 hours of programming. Previous studies drew from only about 60 to 80 hours of programming per week.

The single most prevalent violation was devoting virtually an entire commercial message to information about a premium. Such an action is against a CARU guideline that spots must emphasize products.

The study counted 73 CARU guideline violations by 900-number advertisers, though it noted that some telephone-service spots were included in other groupings where the advertiser combined the phone service with a product commercial.

Among strictly phone service spots, commercials to call an Easter Bunny were guilty of 20 guideline violations, the study found, while game information for Nintendo of America was named in 14 violations and Mattel's He-Man in 13.

Lewis Galoob Toys had 34 violations, the most of any toy marketer. The company recently agreed to discontinue certain claims for its Micro Machine toys under pressure from the Federal Trade Commission, which cited the company for false and deceptive advertising.

The study also found advertiser compliance with the guidelines was greatest on network stations, where only 2% of the monitored spots were in violation, compared with 3.7% on independent stations and 5% on cable.

USA Network had the highest percentage of commercials in violation, 8%.

The study also showed that the number of commercials per hour of programming on broadcast and cable is already well below the recent limits established by Congress.

Cable showed the least amount of advertising per hour in children's programming, 6 minutes, 48 seconds. The independents registered 9 minutes, 37 seconds, while network affiliates had 10 minutes, 5 seconds.

New rules that take effect Oct. 1 limit commercials in children's programming to 10½ minutes per hour during weekdays and 12 minutes an hour on weekends.

Peggy Charren, president of Action for Children's Television, said the study should have been conducted during the pre-Christmas months to show the true measure of the amount of commercials during children's programming. She also questioned the study's reliance on the average number of commercials instead of the actual number.

"Using the average is like saying that everyone drives an average of 35 mph, when they actually drive 10 mph sometimes and 55 other times," she said.

The study analyzed 16,024 non-program messages, including commercials, public service announcements, educational messages and program promotions.

If all the non-program messages are counted, then independent TV stations—frequent targets for advocates of tighter control over advertising directed to children—averaged the least amount of programming per hour, 46 minutes, 34 seconds, compared with 47 minutes, 51 seconds for network affiliates and 49 minutes, 22 seconds for cable.

The results showed "our guidelines are being met quite successfully," said CARU VP Arthur Pober.

"I think it's quite good that 95% or 96% of ads were in compliance, though that doesn't mean that we should relax," he said.

Mr. Pober noted the increase in "kids' clubs" from marketers as diverse as Toys "R" Us to Burger King, and said that surge might lead CARU to reassess its guidelines in that area.

"They run the gamut from being sound and responsible to having no focus and not delineating to the kids what they should expect," he said. "Our guides say that these clubs should let kids be aware of what, if anything, they are getting by being a member or whether it's just another way of selling kids another premium.

"Sometimes these programs just generate lists of names. . . . that then are promulgated all over the place. And with today's technology, that has considerably larger ramifications."

Independent and cable channels presented a slightly higher proportion of ads featuring contests than did network affiliates.

The study also found independent stations were far more likely than network affiliates or cable to feature programming that lacked separations between programs and commercials. Separators, required by the Federal Communications Commission, are intended to help children differentiate between programs and ads. □

Ads in violation of NAD guidelines

Out of 10,329 commercials viewed, fewer than 385 were in violation of the voluntary guidelines. Fast-food and 900-number services produced the largest number of violations.

Product/advertiser	No. of violations
Fast-food ads	
Burger King	83
McDonald's	13
Wendy's	6
Arctic Circle	5
Chuck E. Cheese	2
Toy ads	
Micro Machines (Lewis Galoob Toys)	34
Hobnobbins Doll (Playskool)	7
Hot Wheels (Mattel)	5
Record Breakers Cars (Hasbro)	5
Cabbage Patch Kids (Hasbro)	4
Looney Toons Toys	4
Nintendo (Nintendo of America)	4
Hyper Driver Cars (Tonka Products)	2
Telephone service ads	
Easter Bunny	20
Nintendo Game Information	14
He-Man	13
Action Arcade	2
Laff Line	2
Talking Pumpkin	2
Snack/drinks ads	
Handi-Snacks (Kraft General Foods)	26
Kool-Aid Wacky Warehouse Mystery Set (Kraft General Foods)	7
Nabisco Cookies/Nintendo Premium (Nabisco Brands/Nintendo of America)	2

Source: National Advertising Division's Children's Advertising Review Unit

Another Travel Horror Story

With only 21.7% household penetration in affluent Orange County, Los Angeles newspapers are ineffective. The dominant newspaper? The Orange County Register, with 39.8% daily and 45.9% Sunday penetration. Source: ABC Publisher's Statement 9/30/90

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FDA embraces tougher stance

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there's plenty more to come."

"It would be prudent for the rest of the food industry to pay close attention to what's gone on here," said Jeff Nesbit, the FDA's associate commissioner for public affairs.

"The agency expects any and every company to make sure that its labeling is consistent with FDA policy, which has been in place for several decades. And if they don't, and if the FDA finds out about it, then those companies can expect similar action."

"David Kessler has said the FDA will be looking at court actions to a greater extent than in the past to establish its bona fides" and to make the point that "the new commissioner . . . means business," said Ed Dunkelberger, general counsel for the National Food Processors Association.

"One thing this act will do is get the food companies' attention and have them factor into their marketing equations the likelihood that FDA enforcement action is a real possibility if they violate regulation," he said.

"Such a strong penalty signals a new direction and difference from his immediate predecessors at the FDA," said Wally Snyder, exec VP of the American Advertising Federation. "Dr. Kessler certainly intends to send a message of aggressive regulation. . . . whether for food labeling or drug advertising."

That refers to Dr. Kessler's hard-line statements recently before a congressional committee hearing concerning direct-to-consumer advertising of prescription drugs.

"This act will . . . get the food companies' attention and have them factor into their marketing equations the likelihood that FDA enforcement action is a real possibility if they violate regulation."

In a March appearance before the Senate Labor & Human Resources Committee, Dr. Kessler stressed the importance he attaches to making sure prescription drug advertisers stay within federal boundaries.

"Most firms in the industry want to adhere to our regulations, but they are waiting for us to take appropriate actions," he said. "There is not a level playing field out there. It is clear to me that some in the prescription drug industry have gone over the line."

Dr. Kessler's bold move last week is seen in the broadest of terms by Wayne Pines, a former FDA associate commissioner who's now a prominent player in the field of drug advertising as exec VP at Burson-Marsteller.

"The agency has been perceived as weak in enforcement for the past decade, and Kessler feels that the agency, if it wants to enhance its credibility, needs more enforcement," Mr. Pines said. "The decision by the agency to seize product has less to do with the specifics of the ['fresh'] case than with how the agency intends to operate, and that when negotiations fail, it will take action."

"The enforcement world at the FDA is changing, and that means the FDA's patience will wear thinner than in the past," said Nancy Buc, partner at the Washington law firm of Weil, Gotshal & Manges and a former FDA chief counsel. This action "fits exactly into what Kessler has been saying about there being some point at which the agency will stop talking."

Ragu Foods and Citrus World are two marketers pondering the FDA action.

Both Ragu and Citrus World have been involved in discussions with the FDA over their using the term "fresh" in product names. Ragu has been trading letters with the federal agency since mid-1989 over its Ragu Fresh Italian Brand pasta sauce while Citrus World, which markets Fresh 'N Natural, has been cited by the FDA as being in violation of its regulations.

Citrus World recently changed its packaging to include the word "brand" in its Fresh 'N Natural logo and printed the word "pasteurized" in a bigger typeface on its label.

After the seizure, but before the P&G capitulation, both companies said they were sticking by their labeling.

The FDA's possible next targets for enforcement may be food marketers using descriptive terms such as "light," "90% fat-free" and other nutrition/health claims, said Bruce Silverglade, director-legal projects at the Center for Science in the Public Interest and a longtime advocate of increased FDA labeling scrutiny.

"Many food companies were upset with P&G's claims—Tropicana, for one—so this shows that the FDA responds to concerns of the consumers and of industry," he said.

"Most food companies know the [nutrition labeling] rules that will be coming out by 1993," he said, "and hopefully, this seizure will make food companies think twice. . . . about claims they know to be false and misleading."

The FDA's action was applauded by Robert Abrams, the New York attorney general who's spearheaded several state enforcement actions against food marketers.

"The federal giant has awakened from a long sleep to join the battle against the enormous problem of deceptive and misleading packaging," he said last week. "We at the state level who've had to be on the front lines of this fight with limited resources would welcome the help of a newly aggressive FDA, and so would the nation's consumers." □

Judann Dagnoli in New York contributed to this story.

P&G

(Continued from Page 1)

misleading since it represents and suggests that the articles are fresh when, in fact, they are not fresh but have been produced from concentrate."

The FDA's decision to seize Citrus Hill Fresh Choice prompted P&G to seek a settlement.

"We believe our product is properly labeled, but the controversy surrounding this issue, including the FDA's unusual seizure action, has simply made it impossible from a business standpoint to continue to use the term 'fresh' on our brand," said company spokeswoman Wendy Jacques.

Earlier in the week, P&G had told the FDA it would drop the word "fresh" from its label but the company wanted assurances other marketers would also have to comply. P&G said more than 500 grocery products use the term "fresh" on their labels.

The FDA apparently wouldn't give formal assurances about future enforcement against other marketers, so talks broke down—resulting in the seizure action.

People close to those talks, however, believe the FDA won't stop with P&G. Also on the "fresh" hot seat are Citrus World for its Fresh 'N Natural orange juice and Chesebrough-Pond's for Ragu Foods' Ragu Fresh Italian Brand pasta sauce. The two marketers are already in discussions with the FDA over "fresh" labels.

Neither of those companies could be reached for comment on the P&G/FDA settlement late Friday.

"We had expected that how the term 'fresh' could be used would be clarified through the rulemaking process that would apply to everyone. But the FDA chose to bring action against P&G instead of dealing with the issue through rulemaking," Ms. Jacques said.

In the settlement, however, P&G addressed all of the FDA's labeling concerns, she said.

Now, P&G will focus on how to market Citrus Hill under its shortened—and original—name. New packaging will start to appear on store shelves in late May.

N W Ayer, New York, Citrus Hill's ad agency, is working now to create new advertising that will reflect packaging changes.

The challenge will be to formulate a new positioning for Citrus Hill, which had hoped to gain share through its "fresh" relaunch. P&G last year restaged what was by then Citrus Hill Select by calling the reformulated product Citrus Hill Fresh Choice.

That move was viewed as a way to compete against premium not-from-concentrate orange juices marketed by Coca-Cola Foods (Minute Maid) and Seagram Co.'s Tropicana Products, the top two rivals in the $3.1 billion orange juice category.

Almost immediately, questions came up over the use of the term "fresh" for a juice from concentrate—questions raised by regulators, consumer groups and competitors.

Despite the relaunch and accompanying ad campaign, Citrus Hill Fresh Choice is a distant No. 3 and has continued to lose market share. It dropped to an 8% share for the 52-week period ending March 23 from a 9.8% share for the 52-week period ending May 19, before last year's repositioning.

"P&G's real problem here is that they haven't been able to convince consumers that Citrus Hill is on the same level as Minute Maid and Tropicana," said Tom Pirko, president of Bevmark, a management consultancy. "The attitude in Cincinnati [P&G's headquarters] is that you have to differentiate products to make them unique. That works well if a product can be engineered, but it doesn't necessarily work with orange juice."

Analysts question how much longer P&G Chairman-CEO Edwin L. Artzt will hold onto Citrus Hill, which had sales of about $280 million last year and is said to be breaking even at best.

"What's so amazing about Citrus Hill is that it is everything that P&G isn't," said Andrew Shore, analyst at Prudential Securities. "That's why this FDA situation is good news. It's narrowed Ed Artzt's time frame. He'll be less patient. . . .

"One of the biggest strategic issues is the cost of revamping Citrus Hill, how long to stay with it to determine success and how to measure success. P&G is in a new-product cycle, and the last thing it wants to do is divert time and resources to a brand that's not No. 1 or No. 2."

Still, P&G appears committed to the Citrus Hill brand. The company is testing in San Diego Citrus Hill 10, a vitamin-enriched juice drink aimed at children, and also is selling cut-up fruit under the Citrus Hill brand in East Coast markets and Citrus Hill Fresh Fruit through direct mail. □

Judann Dagnoli contributed to this story.

K-III

(Continued from Page 1)

Mr. Murdoch had been trying to sell along with the other magazines, was excluded from the K-III sale.

"It was not the right magazine for us, and Murdoch was willing to keep it," Mr. Reilly said.

A News Corp. spokesman said Mr. Murdoch plans to continue to operate the upstart women's fashion magazine, which isn't profitable. Industry sources speculate Mr. Murdoch might eventually sell or fold *Mirabella* rather than continue to absorb its losses.

The magazines in the agreement are: *Automobile, European Travel & Life, New Woman, New York Magazine, Premiere, Seventeen, Soap Opera Digest* and *Soap Opera Weekly*.

Mr. Reilly said the *Daily Racing Form*, believed to have made about $25 million last year, and *Soap Opera Digest*, believed to have made $15 million, are the gems of the group "financially," while *Seventeen* and *New York Magazine* are the strongest "franchise properties."

The $650 million purchase price is about 10 times cash flow, described by industry observers as "a good deal for both sides" considering the current weak market in the magazine industry.

"It gives K-III a chance to get into the consumer end lock, stock and barrel. You pay a little premium to do that," said one magazine executive.

"We did around 10 times earnings which, for franchise properties, I think is cheap," Mr. Reilly said. "If this were 1988, we would've paid 50% more than we did."

"What this shows is that quality properties will still sell at premium multiples," said Drew Marcus, VP at investment banker Henry Ansbacher Inc. "The lack of quality properties on the market recently exaggerated the low multiples."

Mr. Reilly, who will likely serve as ceo of the publishing group, said he plans to preserve most of the current management ranks at the corporate level and at individual titles.

However, he said he will replace Murdoch Magazines President Les Hinton, a longtime News Corp. employee who's expected to remain with that organization in some capacity.

Mr. Reilly said he expects to name a new president in the coming weeks. There are several candidates in mind, he said, adding that the person chosen will be someone "from the magazine industry and with excellent managerial skills."

K-III will vastly expand the magazine group's corporate ad sales efforts, Mr. Reilly said.

"Bill Reilly and [K-III President] Charles McCurdy are good, sound operating guys," said one media consultant.

Messrs. Reilly and McCurdy are former Macmillan executives who formed K-III in January 1989 as a partnership with Kohlberg Kravis Roberts. The company completed nine acquisitions in its first two years, primarily trade magazine publishers, such as Intertec Publishing Corp., and book club operations.

Last March, K-III acquired encyclopedia publisher Funk & Wagnalls and the Weekly Reader Corp. from Field Publications.

K-III's challenge is to "run [the titles] as a company, which means higher revenues and lower costs," the consultant said. "It's not a publishing company now, it's a collection of magazines."

K-III might, for example, consolidate the magazines' printing operations with World Color Press, the nation's largest printer of consumer magazines, also controlled by Kohlberg. Two of the titles, *Premiere* and *New Woman*, are printed there. □

Top magazine companies

Publishing company magazine advertising revenues.

Time Warner	$1.5 billion
Hearst Magazines	$631 million
Conde Nast Publications	$549 million
New York Times Co.	$448 million
Parade Publications	$355 million
News Corp.	$338 million
Meredith Corp.	$319 million
Hachette	$288 million
Newsweek Inc.*	$253 million
McGraw-Hill Pub.	$246 million
Times Mirror Magazines	$228 million
Forbes Inc.	$175 million
U.S. News/The Atlantic	$171 million
Reader's Digest Association	$141 million
K-III**	$137 million

*News Corp.'s figure includes only *TV Guide* and *Mirabella*.
**K-III's figure includes the Murdoch publications bought by K-III except for the *Daily Racing Form*, which is not a consumer magazine. Source: Publishers Information Bureau

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